

OCT. 16
1937

BUSINESS WEEK

BUSINESS INDICATOR



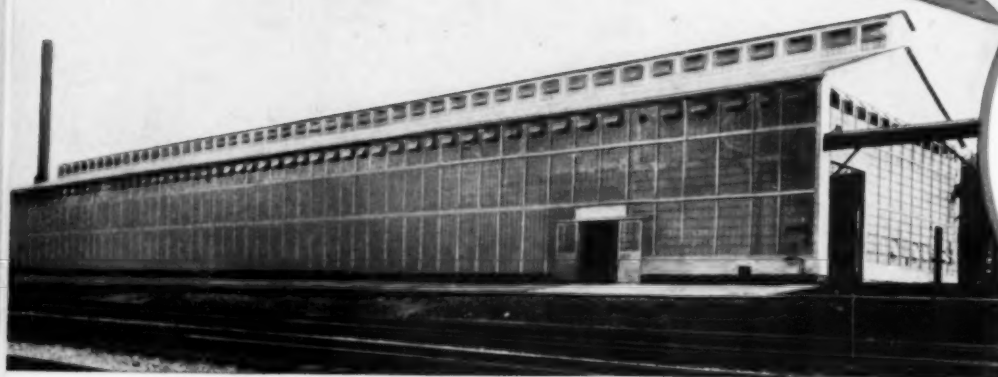
KEEPING PACE with the increasing need for more complete business records are the new, more efficient business machines. Many will be on display at the annual show next week in New York.

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"IT CAN'T HAPPEN HERE!"



TRUSCON
STANDARD
BUILDINGS
Resist Fire

BUT Truscon Standard Buildings provide more than fire-resistance. Custom built from copper alloy steel units and further protected by a base panel of ENDURO Stainless Steel...every Truscon Standard Building resists rust, corrosion and other destructive forces. ● Protection of your building dollars starts with preliminary planning. Wide selectivity of building types and arrangements, and as many optional sketches as needed, assure maximum results. Erection is rapid. No time and materials are wasted. Economy of YOUR dollars is assured. ● Truscon protects you against unforeseen future conditions. Truscon Standard Buildings...although

providing advantages of permanent structures... can be dismantled, moved and re-erected economically... usually with complete salvage value. ● As a start in the direction of building economy and satisfaction, we suggest that you use the coupon below for preliminary data on YOUR requirements.



USE THIS COUPON FOR PROMPT REPLY

We are interested in the type of building checked at the right

Length Width Clear Height

Name

Address

City State

☐ Type 1



☐ Type 2



☐ Type 3



SERIES "A"—Pitched Roof Types

☐ Type 3-M



☐ Type 4



☐ Sawtooth Type



☐ Type 1



☐ Type 2



☐ Type 3



SERIES "B"—Flat Roof Types

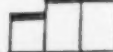
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Manager, \$5.00
Canada; \$7.50
20c per copy. Est
4, 1936, at the
Act of March 3,
1907 by McGraw

NEW BUSINESS

There have been a lot of common colds going the rounds in New York the last few weeks, and a lot of propaganda in the newspapers about the dangers of associating with people harboring sniffles. One of the big metropolitan department stores may or may not have been numbering more than its fair quota of sniffers among its sales people, but some of its section managers noticed that too many potential customers turned and ran when approached by ailing clerks, with the result that its management has retained a staff of doctors and nurses to give every member of its sales staff an anti-cold inoculation.

Far too frequently for business health, disease strikes home via the legal department rather than the sales ledger. Lucky is the firm which has never had instituted against it a civil suit for damages for silicosis or hernia or painter's colic or writer's cramp, because even the most humane humanitarian in touch with the damage suit situation will admit that too many such claims must be classified as racketeering.

Hernia was a beautiful racket until the insurance companies discovered belatedly that there is practically never such a thing as a "rupture" caused by accident; there must have been an incipient hernia to begin with, hence the careful physical examinations now given most prospective employees for heavy industry. According to competent medico-legal authority, silicosis and lead poisoning now head the list as favorites for racketeering plaintiffs, but there appears to be a trend toward dermatitis as a hard-to-disprove shake-down. Fact-finding organizations like Air Hygiene Foundation, Pittsburgh, have plenty of work cut out for them in getting at the low-down on occupational diseases. Funds contributed to them are not donations, but investments.

Echoes of this year's successful Financial Advertisers Association meeting (BW—Sep 4 '37, p. 50) continue to reverberate. C. L. Price, advertising manager of City National Bank and Trust Co. of Chicago, has been doing some figuring about the meeting in

WORLD'S NO. 1 TYPEWRITER



LET THE DESK TEST* PROVE IT!

• Right in your own office see what Royal will do for you! Try the Easy-Writing Royal exactly as it will be used — on your secretary's desk! Observe the rhythmic action of this amazing typewriter—its accurate, easy response to every operator's fingers. Notice the perfect precision of a Royal-typed page. Make the DESK TEST! The Easy-Writing Royal will speak for itself!

ROYAL

WORLD'S No. 1 TYPEWRITER

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Royal Typewriter Company, Inc.



***GET A 10-DAY DESK TEST FREE!**

Royal Typewriter Company, Inc.
Department WSW-1116
2 Park Avenue, New York City

Please deliver an Easy-Writing Royal to my office for a 10-day FREE DESK TEST. I understand that this will be done without obligation to me.

Name _____

Firm Name _____

Street _____

City _____ State _____

BUSINESS WEEK (with which is combined The Magazine of Business) October 16, 1937, No. 424. Published weekly by McGraw-Hill Publishing Company, Inc., Publication office, 90-129 North Broadway, Albany, N. Y. Editorial and executive offices, 330 W. 42nd St., New York, N. Y. James H. McGraw, Jr., President; Howard Ehrlich, Executive Vice-President; James H. McGraw, Honorary Chairman; Glenn Griswold, Vice-President and Publisher; R. B. Putnam, Treasurer; D. C. McGraw, Secretary; A. W. Morrison, Circulation Manager. \$5.00 per year in U. S. A., possessions, and Canada; \$7.50 per year in all other foreign countries; 25c per copy. Entered as second class matter December 1, 1908, at the post office at Albany, N. Y., under the Act of March 3, 1879. Printed in U. S. A. Copyright 1937 by McGraw-Hill Publishing Company, Inc.

TRUCK USERS HOW'S YOUR



L/P—the ratio of **LOAD** to **POWER**—tells the story of Trailer economy in a nutshell. You get bigger payload from the same power—because Trailers simply put *all* the power in your motor trucks to work.

For example, when you use a 1½-ton truck as a tractor and couple it to a Fruehauf Trailer, the 1½-ton power unit becomes the equal of a 3-ton straight truck in load-hauling capacity.

Instead of using trucks to carry loads on their backs in pack-horse fashion, with Trailers you use them to *pull* bigger loads—the modern horse-and-wagon method.

WHAT IT MEANS

Compared with a 3-ton motor truck, a 1½-ton tractor-truck and Fruehauf Trailer of the same load capacity averages 36% less in first cost and operates at an average saving of 34% per mile. But dollars-and-cents savings aren't all.

MANEUVERABILITY

A Truck-and-Trailer unit is "hinged in the middle." This pivot-turning fea-

ture gives it a 4' shorter turning radius than a truck with equal load space.

FLEXIBILITY

The Truck-and-Trailer is a two-piece unit, quickly attached and detached. Often one power unit can handle three or more Trailers; the Trailers *alone* are left at loading and unloading docks—the truck is on the road almost continuously between the two points. Investment is reduced; truck idling is practically eliminated.

HOW'S YOUR L/P?

In these days of higher labor, materials, and taxes, wouldn't you welcome the 30% to 60% reduction in haulage costs which results from Trailer operation? Take this first step toward this saving—write us for a copy of "Executive Thinking;" it tells *why* so many business men are turning to Fruehauf Trailers. No obligation.

Oldest and Largest Manufacturers of Truck-Trailers

FRUEHAUF TRAILER CO.
10945 Harper Ave. Detroit, Mich.
Sales and Service In All Principal Cities

Over 100 Industries
use Fruehauf Trailers



PROFESSIONAL HAULERS USE MORE FRUEHAUF TRAILERS THAN ANY OTHER MAKE

retrospect and has found that no fewer than 110 banks in 36 states participated in 165 exhibits of advertising material used by them in cultivation of sound public relations.

One of the most forgetfulness-proof names in business history is losing its corporate identity as Westinghouse Electric Elevator Co. purchases and assimilates the assets, business, and good will of A. B. See Elevator Co. Westinghouse is moving its headquarters from Chicago to Jersey City. Alonzo Bertram See will be remembered as long for his consistent opposition to higher education for women, as for his elevators.

Directors of Tulsa (Okla.) Real Estate Board are considering a proposal to do away with Sunday "Open House" inspections. Realtors have been finding, among other things, that it is hard for them to distinguish between frivolous lookers and serious prospects, and harder still for them to make a fair and proper presentation of the property because they are subjected to bombardments of disparaging comment and wisecracks. Adoption of the proposal would put Tulsa in line with Atlanta, whose realtors have taken steps to abolish the "Open for Inspection" method of selling.

Next week there are so many trade and professional meetings and exhibitions in all sections of the country that it is hard to pick the most important. Top executives generally are apt to prefer the 34th National Business Show, Oct. 18-23, Port Authority Bldg., New York, and the 18th Annual National Metal Congress & Exposition, Oct. 18-22, Convention Auditorium, Atlantic City.

If they also happen to have the camera hobby and have any energy left, they might tarry on the Atlantic Seaboard for the 3rd U. S. Camera Salon, Oct. 19-31, International Bldg., New York, where 700 prize photographs will be on exhibition.

Four books of business importance: "Practical Office Management," by Wylie, Gamber, and Brecht, \$4, published by Prentice-Hall, Inc., 70 Fifth Ave., New York; "How to Find, Train, and Supervise Specialty Salesmen," by James Maratta, \$2.50, Council for the Improvement of Specialty Selling, Inc., 185 Madison Ave., New York; "Enlightened Self-Interest," a study of trade association educational programs, by Dorothy Rowden, 75c, and "Listen and Learn," a review of 15 years of adult education on the radio, by Frank Ernest Hill, \$1.25, both published by American Association for Adult Education, 60 E. 42nd St., New York.

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WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau) — Unrelenting pressure for the five-year-old Roosevelt-New Deal objectives will be applied on Congress from the opening of the extra session, Nov. 15, until the final gavel on the regular session. Chief opposition to the program will continue to come, as it did on the Supreme Court issue, from Democrats, not Republicans. Their insurgency against pet schemes of the party leader will be tintured by qualms about what may happen to them individually in the primaries, if opposed by staunch New Deal opponents.

Chance for Trouble-Makers

Notwithstanding this weakening influence of the approaching primaries there will be plenty of trouble for the President's program. Back at home many Democratic senators and representatives have discovered that the President is still very strong with the people. To oppose him on too many issues would be dangerous for any candidate facing his electorate this coming summer in the primaries. But they have also discovered that most of the Roosevelt admirers among their constituents do not follow the President on all of his issues, are skeptical of some, opposed to others, and quite indifferent to still more.

"Economy" a Fighting Word

Economy promises another fight. The President may be found temporarily less tolerant of huge relief expenditures this winter than ever before, but he will not be willing to go anything like as far as the budget-balancing senators, notably Glass, Byrd, Tydings, Adams, and Bailey, want to go. Plenty will be spent to make sure that the "doubtful districts" and states are in a good humor toward Washington next November. The Administration is not going to take any chances on a midterm rebuff.

Court Issue Waits

Best opinion is Roosevelt will not press his Supreme Court enlargement before the 1938 election, though he has by no means abandoned the thought entirely. If this is correct the prospects are that the President will get a very large proportion of what he wants, with a little

trimming here and there. This is even true as to the seven TVA's, and as to the anti-trust legislation.

Ship Labor Trouble

Chairman Joseph Kennedy is expected to urge more law to control shipping labor, in his forthcoming Maritime Commission report on the merchant marine. Insolence to passengers, insubordination, laxity on duty, and capricious demands are kept quiet by operators who fear the effect on travel and freight. The commission, Department of Commerce, and shipping firms say wages, hours, conditions are satisfactory; the trouble lies in the overbearing attitude of union leaders. They entertain little hope any more law would help; say the government, committed to labor politics, would not be able to enforce it.

Safe Opposition

It will be perfectly safe for Southern senators and representatives, for example, to fight to the bitter end against the wage-hour bill. It will be entirely safe for congressmen from almost any section to oppose any new move to enlarge the Supreme Court. Legislators from many sections may join Democratic House Whip Pat Boland in seeking to knock all the electric power features out of the Norris Seven TVA's bill. Different parts of the country have widely differing ideas about the best type of farm legislation.

Wage-Hour Bill Seems Sure

Safe predictions at the moment seem to be that the wage-hour bill will pass in a form no more drastic than the 40¢-40 hour form of the House draft of last session. White House pressure, aided by labor sentiment from the North and West, is ample to override the belligerent Southern small-employer opposition.

Tax Problem Played Down

Taxes are not now on the President's announced agenda. The Treasury needs the money terribly. It knows the March 15 returns will be a disappointment. But the President is anxious not to frighten the investing public any more for the moment. On the contrary, he intimates to friends that he is agreeable to mild modification of the undistributed earnings tax, in favor of weak, small and recently bankrupt corporations.

Congress More Drastic

Congress is determined to revise this tax more drastically than the President. This promises one of the most interest-

ing fights, especially since the chairman of the Senate Finance Committee, Pat Harrison, is bitter over his White House-dictated defeat for Senate leader. Many people agree with Sen. Harrison that corporations should be permitted to save something for a rainy day.

Score Another for Wallace

Henry Wallace's boom for President scores a record high with the extra Congress session call. Alone in the Cabinet and among the President's non-brain trust advisers Wallace wanted Congress called back. Apparently he is still the fair-haired boy at the White House.

Making a Market Analysis

Treasury Secretary Morgenthau may share the President's dislike for a good many publishers, but he is ordering a job which will make every advertising manager lick his chops. This will provide county-by-county data from income tax returns showing just what each paper's "territory" includes in the way of spenders—i.e. the possible market for advertisers.

No Private Air Agreements

Agreements by private business on world air trade routes seem to be at an end. The old uncertainty whether one or several private or nationalized airlines should dominate the foreign field takes a definite turn as the Commerce Department takes possession for the United States of Pan American Airways' transatlantic reciprocal agreement with Imperial Airways. The Post Office, the Maritime Commission, and the Interstate Commerce Commission, all sniping at the Commerce Department's jurisdiction over such air trade routes, probably would follow the Commerce policy, if any of them were to get the regulatory power which they are all endeavoring to get in pending legislation.

Preening Air Transport Bills

Sec. Roper's interdepartmental committee of six trying to coordinate the conflicting air transport bills which now hang fire, will hurry the job for the special session, though it has no assurance that aviation will be able to muscle in on crop control, wage-hours, government reorganization, and other major bills that will occupy Congressional attention. The air industry also is in doubt whether November or January offers the best opportunity to get its laws on the books, but it is prepared to try next month. Mr. Roper's commit-



Year	Percentage (%)
1950	82
1955	78
1960	78
1965	78
1970	78
1975	78
1980	78
1985	78
1990	78

PROD
★ Steel
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★ Bitum
★ Electr

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★ Money

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President Roosevelt. Mr. Roosevelt showed clearly his thought along this line in his Labor Day speech.

Aid for the Big Boys

The New Deal may profess to love the little fellow and hate the big boys, but the policy doesn't always work out in practice. For example, it doesn't in the government employment agencies. It develops that these agencies are being utilized by the big industries to get expert workers in lines where there is a scarcity, literally buying them away from their small competitors with higher wages. A case of 60 draughtsmen collected almost overnight is cited. But the New Dealers point out, the whole thing tends to improve wages.

Waiting on British Pact

Cordell Hull is just as optimistic about reciprocal trade treaties as ever, despite rumors that this policy had been pigeonholed for the period of the world emergency. The long "breathing spell" since the last treaty was approved is not due to any change of heart. It is due to the delay in getting the treaty with Britain approved. The point here is that under the "most favored nation clause" Britain benefits by every treaty negotiated—witness the break she got when the treaty with Canada cut the tariff on whiskey in half. So it's probably sound policy to make Britain "come across" before the United States proceeds to hand her any more free concessions.

Bonneville Easier to Take

The long-expected appointment of J. D. Ross as Administrator of the Bonneville power development unleashes the second New Deal attempt to demonstrate that the real profits in the utility business lie in low rates and extensive usage. As in the first "yardstick" project—TVA—there is yet no assurance that costs will be figured on top of the table, rather than under it. Bonneville is expected to function with less blood and thunder than TVA for two reasons.

(1) The people of the Northwest, and their utility companies, are already habituated to public power development; (2) Ross is less bitter and uncompromising toward the industry than is Lilienthal.

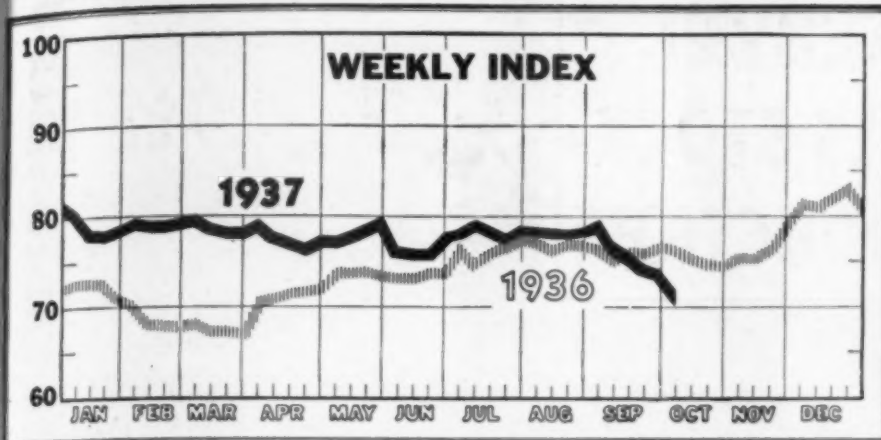
Britain Cashes In

War in the East is good for Southern cotton planters, better for British textiles. Indian distributors, foreseeing that Japan is too busy elsewhere to sell them cheap textiles, are figuring on higher prices and getting their orders to Manchester in a hurry. England, seldom overlooking a commercial opportunity, is right on the job. Thanks to this spur and to the rearmament drive, her employment is at the highest level in years.

An amendment to the National Labor Relations Act, which would provide for recognition by the Labor Board of craft unions within industrial units, has so much strength that rollcalls seem assured. A. F. L., which is pushing the amendment, has more friends on Capitol Hill than C.I.O. and is going to put up a hard fight to win this scrap so vitally important to the Green outfit, so repugnant to the John L. Lewis idea. Meanwhile the Walsh-Healey staff joins the snipers against the Labor Board.

New law to provide for peaceful settlement of labor disputes, to plan their negotiation at conference tables instead of by strikes and riots, is almost sure to be recommended to Congress by

BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



The Figures

Latest Week	71.9
Preceding Week	74.0
Month Ago	77.1
Year Ago	76.9
Average 1932-26	63.9

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
*Steel Ingot Operation (% of capacity)	63.6	66.1	80.4	75.9	41.6
*Building Contracts (F. W. Dodge, 4-week daily average in thousands)	\$5,472	\$9,074	\$11,254	\$10,098	\$6,271
Engineering Construction Awards (Eng. News-Rec., 4-wk. daily av. in thousands)	\$6,986	\$7,863	\$7,095	\$8,342	\$5,460
*Bituminous Coal (daily average, 1,000 tons)	1,605	1,575	1,407	1,537	1,242
*Electric Power (million kw.-hr.)	2,280	2,276	2,154	2,168	1,769

TRADE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Total Carloadings (daily average, 1,000 cars)	141	140	134	137	116
*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	86	85	83	84	72
*Check Payments (outside N. Y. City, millions)	\$4,836	\$4,231	\$3,414	\$4,642	\$3,689
*Money in Circulation (Wednesday series, millions)	\$6,569	\$6,520	\$6,597	\$6,305	\$5,640

PRICES (Average for the week)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.07	\$1.11	\$1.12	\$1.22	\$0.96
Cotton (middling, New York, lb.)	8.36¢	8.46¢	9.18¢	12.34¢	10.48¢
Iron and Steel (Steel, composite, ton)	\$39.73	\$39.61	\$40.21	\$34.60	\$31.82
Copper (electrolytic, Connecticut Valley basis, lb.)	12.000¢	12.417¢	14.000¢	9.780¢	8.579¢
Moody's Spot Commodity Price Index (Dec. 31, 1931=100)	173.2	183.2	194.8	183.9	144.6

FINANCE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Bond Yields (Standard Statistics, average 45 bonds)	4.98%	4.84%	4.74%	4.20%	5.04%
Call Loans, Renewal Rate, N. Y. Stock Exchange (daily average)	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-6 Months, N. Y. City (prevailing rate)	1.00%	1.00%	1.00%	.75%	1.15%
Business Failures (Dun and Bradstreet, number)	146	163	96	164	266

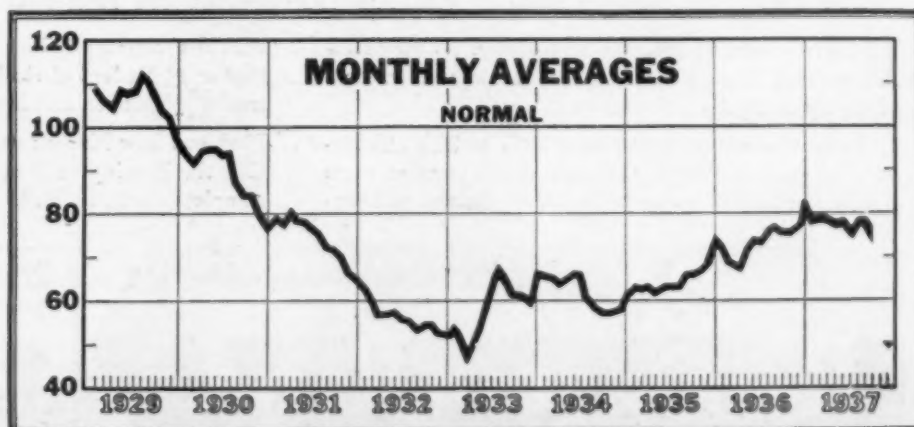
BANKING (Millions of dollars)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Total Federal Reserve Credit Outstanding (Wednesday series)	2,583	2,573	2,572	2,472	2,419
Excess Reserves, all member banks (Wednesday series)	1,090	1,080	756	1,054	1,497
Total Loans and Investments, reporting member banks	21,975	22,026	22,315	22,607	19,669
Commercial and Agricultural Loans, reporting member banks†	4,831	4,810	4,688	§	§
Security Loans, reporting member banks‡	1,856	1,909	2,057	§	§
U. S. Gov't. and Gov't. Guaranteed Obligations Held, reporting member banks	9,042	9,034	9,322	10,609	§
Other Securities Held, reporting member banks	2,961	2,988	2,952	3,295	§

*Factor in Business Week Index. *Preliminary, Week Ended October 9. †Revised. ‡New Series. §Not Available.

These monthly averages are merely simple averages of each month's weekly figures of Business Week's index of business activity presented in the chart at the top of the page. They enable readers to get a general view of the trend of business since 1929.

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HOW SERVEL CONTROLS STOCK AND PRODUCTION



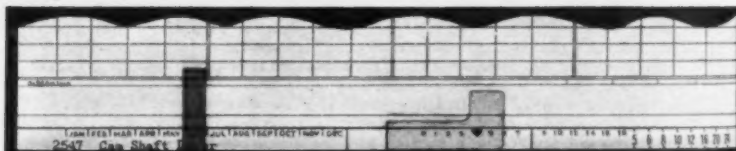
"Our Kardex Visible System of stock and production control has paid for itself many times over in the eight years we have used it"

says SERVEL, INC.



More than 10,000 items used in producing the Servel Electrolux Refrigerators are controlled by Kardex. Result: Over and understocking are automatically repaired; production line requirements are controlled; clerical cost lowered, turn-over stepped up and inventory reduced.

VITAL FACTS AT A GLANCE. Progressive orange signal at the right of each card indicates the number of weeks' supply of that item on hand. Warns against under and over-stocking. Green signal at the left indicates the month item was last ordered.



HOW THE "TELL-TALE EDGE" CUTS INVENTORY IN THE FACE OF RISING COSTS

RISING costs complicate inventories, tie up useful capital. Kardex can help any business regardless of size by doing these six simple things:

1) Reduce inventory investment 25% to 50%; 2) Reduce expense of carrying charges which average more than 12%; 3) Reduce out-of-stock conditions and pre-

vent lost sales; 4) Reduce overstock and loss from markdowns; 5) Reduce clerical cost; 6) Force scientific control of production and inventories.

Find out how Kardex can save your business money. Call the Remington Rand man in your city today for complete facts, or mail coupon below.

Ok..it's from
Remington Rand

Remington Rand Inc., Dept. G-2102
465 Washington Street, Buffalo, N. Y.

Without obligation, please send me complete details on Kardex Visible System.

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Address.....

City..... State.....

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THE BUSINESS OUTLOOK

UNTIL wholesale commodity prices give some indication of having found their bottom, there is little prospect that buyers can be induced to step up their purchasing programs and provide industry with the means of expanding operations. Moody's price index of 15 sensitive commodities has cut not only through the October, 1936, level, but through that of October, 1935, as well, the decline from the April peak being 25%. The bumper cotton crop forecast late last week led textile buyers to press harder for concessions on cotton fabrics. Automotive concerns, as they go into production on 1938 cars, are buying steel on a 30-day basis instead of several months ahead. Foreign steel buyers are no longer offering premiums for steel, but asking concessions and getting them.

Reduce Textile Operations

Cotton textile manufacturers are protesting the price notions of buyers because current prices are frequently below production costs. Third shifts, and operations in excess of 40 hours a week in two-shift textile mills, are being eliminated. Since the spring peak, operations in the industry have been reduced 25%. Even rayon yarn producers sense a lessened demand, springing from a slowing down in the dress manufacturing field. Rumors of a boycott on silk are disturbing the hosiery trade, the chief consumers of silk.

Rubber and Copper Curtail

Curtailment of operations is also the solution sought by the rubber trade, which has watched prices slip from 27¢ a pound in the spring to less than 17¢ this week. Copper producers have also resorted to production curtailment to prevent stock piles from getting out of hand. And the Federal Surplus Commodity Corp. is scheduled to step into the cottonseed oil market to aid the price structure there, which has touched some of the lowest years on record.

May Hurt Retail Sales

But though such curtailment is leading the way to the reestablishment of a more stable market price-wise, it is also

curtailing the industrial payroll upon which the retailer counts. This was not very apparent in the September records, when both department and variety stores made more than the usual seasonal gain over August (see pp. 14-15), but is likely to throw a damper on sales over the next few weeks, ordinarily the best weeks of the year. Department store prices ceased advancing during September, and on Oct. 1 actually were slightly lower than the month previous.

Business and Congress

Nor is business likely to relish the prospects of the special session of Congress called for Nov. 15 to tackle the various problems hinted by the President in his radio speech on Tuesday, which included such items as the farm, wages and hours, power, and stricter anti-trust policies.

Auto Production Up

But the week was not without its more cheerful aspects. The automobile industry has pushed its output up to 72,000 cars a week, without the aid of Ford, which has been closed for three weeks. Now that Ford is resuming activity, the industry will begin to get its show-time stride. October is counted on to show a 50% increase over last year's output. September was only 20% ahead.

Large Motor Expansion

Ford's announcement this week of a \$40,000,000 expansion program draws attention to the extensive construction projects undertaken by the motor industry in preparation for next year's output. Ford's program is intended to increase the company's self-sufficiency and will include the world's largest blast furnace, estimated to cost about \$4,500,000. Packard announced a \$13,000,000 program late in September. Buick has spent \$10,000,000. And this week's construction contracts contain a plant, costing \$6,500,000, for the Cadillac-La Salle division of General Motors.

Machine Tool Orders

The boost in machine tool orders last month was due solely to the exceptional expansion in foreign business, which, for the first time since these records were available in 1931, accounted for 42% of all business booked. Domestic orders were down only 10% from the August levels, making September the sixth best month for combined domestic and foreign business, according to records extending back to 1919. For the

first nine months of 1937, compared with the same period of 1936, the increases in business booked by the machine tool builders look like this: domestic, up 53%; foreign, up 119%; total, up 66%.

Steel Sticks to Prices

Steel companies were a bit disappointed to find the motor manufacturers buying so sparingly, but as there is little danger of price advances in steel, and some uncertainty as to how the public will take to the higher-priced cars of 1938, the automobile men's caution is not surprising. Though steel prices are well above the 1929 level and have not followed other prices down recently (see table, p. 72), steel mills are reported to have taken a firm stand against concessions, at least to domestic buyers. To sustain their position, mills are expected to post first-quarter prices shortly, reaffirming those now prevailing.

Costs of Union Campaigns

Some idea of what it costs to unionize the steel and textile industries under the flag of the Committee for Industrial Organization was disclosed this week when Sidney Hillman reported that his group had organized one-third of the textile industry at a cost of \$970,000 in six months, and Philip Murray, who heads the drive on steel, reported that organization efforts and the unsuccessful strike against the independent steel concerns had cost \$960,000.

Living Costs Increase

Advances of almost 1% in rents and clothing, and of 1.2% in coal prices, pushed the wage earner's cost of living in September slightly ahead of the preceding month. Compared with last year, living costs are up 4.1%; compared with the low in 1933, they are up 24.7%; but compared with 1929, they are still down 11.6%.

Local Oil Price Cut

Crude oil in Pennsylvania suffered a price cut of 25¢ a barrel this week, the second in six weeks. While the drastic reduction was said to be caused by a local situation, in which production has been out of line with consumption for some time, it serves as a warning to the oil industry in general. Production in the Southwest, however, has been tending downward in recent weeks, with some of the states, it is reported, running well under the allowables suggested by the United States Bureau of Mines.

Woolen waste dealer MOPS UP MARKET by Long Distance



● A woolen waste firm sells to eastern wool-spinners through a sales manager and three salesmen. The sales manager needed more time for home office duties . . . realized he lost time in waiting for busy customers and calling on those who were absent or not in the market.

He tried telephoning from strategically located points . . . found it permitted faster, more frequent coverage . . . avoided useless visits . . . secured personal appointments where necessary. On his first two-week trip, he saved two full days at a telephone cost of \$12. On another trip, five calls to different cities saved 1450 miles of traveling.

Similarly, the sales department uses Long

Distance to follow up after salesmen's trips. Here it minimizes expensive "back-tracking" —assures quick, timely contact with customers —and reduces loss of business to competitors. Two typical instances . . . a telephone call costing \$1.75 brought an order for \$1100 . . . a series of calls totaling \$6.75 produced a \$7000 order.

Concerns of all kinds find they can "mop up" markets more thoroughly and more economically by the systematic use of Long Distance service. Why not discuss it with a Bell System representative? Just call the local telephone business office. No obligation.



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BUSINESS WEEK

OCTOBER 16, 1937

Special Session—Same Deal

Business finds President's program for Congress calling for more federal control. Administration adds stiffer anti-trust laws to its "must" legislation.

BUSINESS now has clear warning of the remaining scheduled objectives of the second New Deal and due notice of the Administration's determination to push them through Congress or carry them to the country in the elections of 1938.

It is to assure himself of this choice on his own timing that the President announced this week that Congress, in effect, will begin its 1938 session on Nov. 13, 1937. Except for a probable Christmas holiday, the so-called special session will undoubtedly run into the regular one starting Jan. 3. The Presidential idea is to get the members of Congress on record and the issues drawn before the summer preliminaries to the political campaign of next fall.

In giving his stand-or-fall program a fireside send-off, Mr. Roosevelt said: "I shall ask this special session to consider immediately certain important legislation. . . . This does not mean that other legislation . . . is not an important part of our national well-being. But other legislation can be more readily discussed at the regular session."

On the Agenda

Then he mentioned: crop-surplus control; land use, covering "the creation of seven planning regions" (his seven TVA's); government reorganization; wage-hour legislation; and the one item that is not a holdover from his balky 1937 session: anti-trust law amendment. Significantly, he kept a politic silence on the next session's inevitable tax-revision job. Of equal significance, he devoted a surprising amount of his announcement to an argument that farm surpluses can be ploughed out, industrial wages raised, and industrial working hours cut without increasing prices to the consumer. Both the omission and the argument were implicit recognition of the political danger points in his program.

Business can expect crop surplus control and wage hour legislation to lead the agenda of the special session. They may be pushed through before Christmas; the "creation of seven planning regions" might be. Government reorganization, broad enough to suit the President, cannot be steam-rolled now any more than it could in the last ses-

sion. Anti-trust law legislation is too big a problem, and both Administration and Congressional councils are too divided on the solution for fast action. It is most likely to figure with taxes as a major front in the long-drawn battle of the regular session—unless international affairs (page 62) should eclipse both issues.

If the President reaches his objectives, the New Deal will have made far-reaching extensions of the principle of federal control. With federal control over such activities as business financing (through the securities law and the undistributed earnings tax), over the power companies (through the utilities legislation), and over labor relations (through the Wagner Act), will go federal control over the farmer and over all the operations of business that can be affected by federal mandates on production costs and marketing operations under wage-hour regulation and stiffer anti-trust laws. Unless the Supreme Court again makes itself a political issue by interposing a check, there won't be much to argue.

The entries on the President's docket most directly affecting business are, of course, crop-surplus control, wage-hour legislation, and anti-trust law amendment. Business may expect:

Crop-Surplus Control—When the new farm program is sent to the "hill," Sec. Wallace will ask for the ever-normal granary, a system of "goals" or quotas on production, a revised and simplified schedule of benefits for soil-building, and loans to help cooperating farmers carry their surpluses. None who fails to cooperate in production will be eligible for any loans or benefits.

But no farm bill will satisfy the Administration unless it includes a method to force farmers to cut crops when the ever-normal granary bulges ominously. Congress would have been glad to pass a law at the last session to embody everything except punitive controls over planting and marketing in years of big surpluses. Constitutionality of such controls is in doubt; its popularity with the farmers is by means certain, and that's of prime importance in the by-election year.

The new program of benefits, surplus loans, and bounties to promote exports will cost money. Sec. Wallace hints at processing taxes once more.

Wages and Hours—Locked in the House after passing the Senate at the last session, this will come up again in familiar form: 40¢ an hour as a minimum wage, 40 hours as a maximum work-week. Some congressmen will plump for more cents, some for fewer hours, but they are not likely to get far.

Despite the President's admonition that "no section can permanently benefit itself or the rest of the country by maintaining standards of wages and hours inferior to other sections," South-



FOURTEEN GOOD MEN AND TRUE—These are the twelve jurors and their two alternates who are hearing the government's anti-trust case at Madison, Wis., against leading oil corporations and individuals. Of the twelve jurors, five are farmers, two are retired, one is a mechanic, one a garage man, one a carpenter, one a realtor, and one a merchant. This case, like the Department of Justice suit against the Aluminum Company of America and the dozens of Federal Trade Commission actions aimed at basing point practices, helps set the stage for the President's anti-trust law revision.

ern congressmen will battle for a wage differential—as a bid to new plants.

For industry as a whole, 40¢ an hour is below average. But in many cases unskilled workers get less than that, and if a law is passed, factory costs will rise. Whether enlargement of the domestic market for goods (as the President hopes) will absorb higher payrolls is something no manufacturer can be sure of; hence the tendency will be to boost prices. Which is just what neither the President nor business wants at this time.

Anti-Trust—In asking for revision of the 50-year-old Sherman Act, the 25-year-old Clayton and Federal Trade Commission Acts, and the more recent Robinson-Patman and Tydings-Miller laws, the President seeks an overhauling of the anti-trust laws far more comprehensive than simply that which would make them effective against price con-

trols such as those with which the Administration charges the oil and tire industries (pp. 18 and 20).

He wants Congress to fashion a principal weapon in the whole New Deal attack on the concentration of economic power. He wants a law which establishes demonstrable results (percentage of stock control exerted, uniformity of prices, etc.) as the measure of illegality rather than a law like the existing ones which simply proscribe various practices that might yield such results and that are subject to conflicting court definition and an ever-changing administrative policy. Such a law would be designed to revitalize price competition or subject recalcitrant industries to strict federal price regulation. That's what the President wants; getting it out of a Congress that will bitterly contest every aspect of the big man-little man issue will be another matter.

What Retail Sales Show

September's store gains show merchandise turnover about the same as a year ago; are neither bad nor good enough to give industry a lift.

BUSINESS men who have been eagerly watching for the first September retail sales figures as a tipoff from the ultimate consumer on the trend of fall business now have their verdict. For retail business it is a mild "satisfactory." For business in general it is neither as bad as the pessimists of late August predicted nor as good as the spring optimists had hoped.

On the whole, the figures are some 6% to 8% better than September a year ago and their showing is only moderately encouraging for the final three months of 1937.

Consumer Pays More

These September statistics would be impressive in any other year; but in this one there are befuddling complexities. Unit sales are not up much, if at all. Retail prices are about 7% higher than in September, 1936—which means that for a \$1 item last year, the consumer has to pay \$1.07 this year. Translate that into actual merchandise and what you get is that, on the average, the department, variety, drug, grocery and apparel stores rang up more dollars on their cash registers, but wrapped up about the same amount of goods.

The implications of this reach way back into the economic scheme of things—to retail store inventories, wholesalers' shelves, factory production lines and raw materials. If, for instance, clothing manufacturers or motor companies are only turning out the same number of suits or automobiles as last year, then the number of persons working for them

will not expand. That, apparently, is the state business finds itself in today.

A sharp resurgence in retail volume from the seasonal decline in August would have lifted industry from its lethargy—might even have checked the recession in heavy goods lines. Actually, the comeback in retail activity in September was not sufficient to offset the price increases.

Fundamentally, there remain three potent factors for a seasonal fall expansion: good farm income, large industrial payrolls and dividends 22% higher than in 1936 (*BW—Oct 9 '37, p. 59*). But there are offsetting debits—partly psychological.

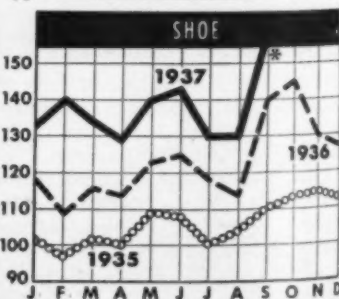
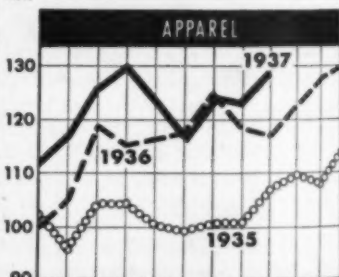
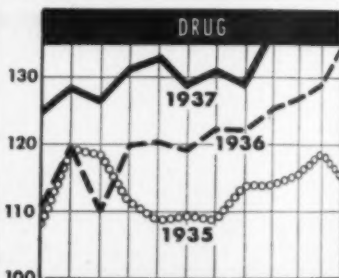
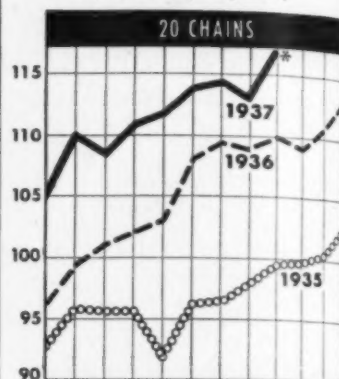
Both retail and wholesale merchants are disturbed over the acute weakness of stock prices. Though the market is no infallible prognosticator of business (*BW—Sept 18 '37, p. 14*), it has its effect on business. Holders of stocks become uneasy when their capital declines, and

MIXED SYMPTOMS—Definitely, the margin of retail sales gains over 1936 has narrowed; nor have all types of merchandisers fared equally in the distribution of consumer buying power. Grocery stores, for instance, are showing a 6% improvement over last year, hardly enough to offset the advance in prices. Apparel, drug, and shoe chains did better, but variety stores (probably because their fixed price policy tends to hurt in a rising market) have not done as well. The data in the accompanying charts, from *Chain Store Age*, comprise 5 grocery chains, 2 drug, 4 apparel, 3 shoe, and 6 variety. While not all-inclusive, it is symptomatic of the chain picture.

SALES—WHAT CHAINS HAVE DONE

1929-1931=100

(Seasonally adjusted)



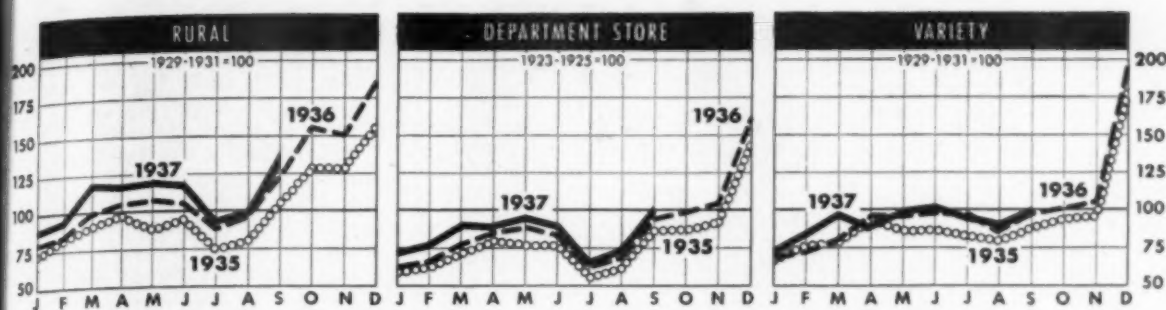
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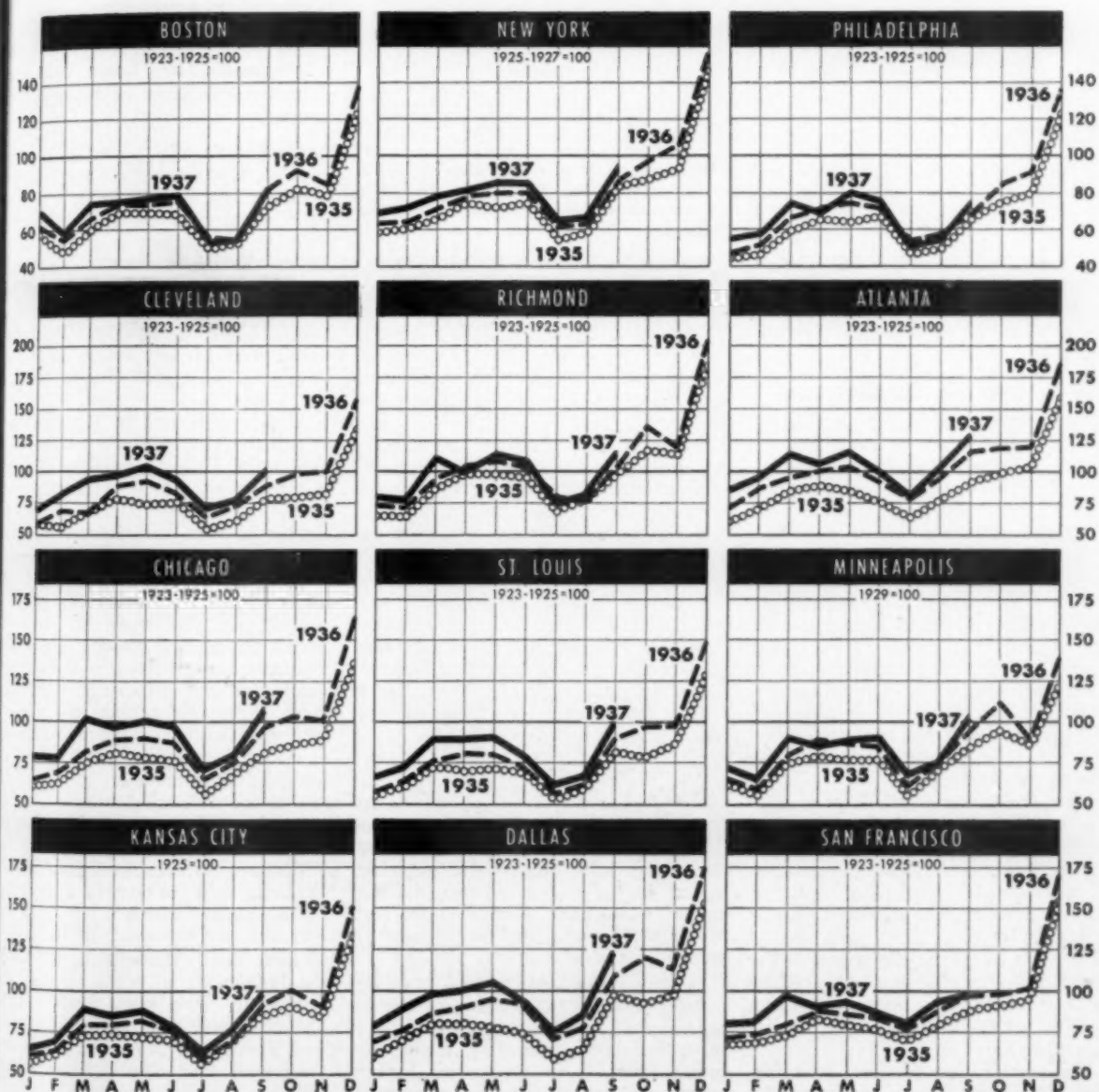
Data: Federal

THE RETAIL PICTURE—SEPTEMBER SALES FIGURES ABATE TALK OF A BUYERS' STRIKE

(Unadjusted for seasonal)



Department Store Sales by Federal Reserve Districts



Data: Federal Reserve Board; U. S. Dept. of Commerce.

© BUSINESS WEEK

UNEMPLOYMENT REPORT CARD
Please fill out this card if you are totally or partly unemployed
Answer all questions promptly

It is important that EVERY totally or partly unemployed worker in your household fill out a SEPARATE report card. Additional cards can be secured from your postman or post office. You can get help in answering these questions, if you need it, at any post office or from any postal employee.

1. Print full name (Last) (First) (Middle) (If none, write "None")
Print full address (Street and number or R. F. D.) (City, town, or village) (County) (State)

2. Are you: (Check only one)
(a) Totally unemployed and want work? ☐
(b) Partly employed and want more work? ☐
(c) Working at WPA, NYA, CCC, or other emergency work? ☐

3. Are you able to work? (Check one) Yes ☐ No ☐

4. Age at last birthday _____ years
5. Color or race (Check one) White ☐ Negro ☐ Other ☐

6. Sex (Check one) Male ☐ Female ☐

7. How many hours did you work last week? _____ hours
(If none, write "None")
Enter total number of hours worked at ALL jobs (except WPA, NYA, CCC, or other emergency work) during the week from Sunday, November 7, through Saturday, November 13.

8. How many weeks did you work in the last 12 months? _____ weeks
(If none, write "None")
Enter total number of weeks worked at ALL jobs (except WPA, NYA, CCC, or other emergency work) during the 12 months from November 1, 1936, through October 1937.

9. What is your occupation, or kind of work? _____
(If none, write "None")
The occupation which you give in answer to this question (number 9) describes the work you do. The answer to the next question (number 10) describes the kind of business or industry in which the work is done. Enter "New worker" in both questions 9 and 10 if you have never had a steady job and want work. Do not give the name of your company or employer as an answer to question 10.

10. Kind of business or industry in which you did, or are doing, this kind of work? _____
(Examples: Machine shop, restaurant, railroad, clothing store, etc.)

11. How many other workers are there in your family living in the same household with you? _____ workers
Count all persons working for pay or profit, or working work, except yourself.

12. How many of these workers are: (a) Totally unemployed and want work? _____ workers
(b) Partly employed and want more work? _____ workers
(c) Working at WPA, NYA, CCC, or other emergency work? _____ workers
Do not count yourself.

13. How many persons are mainly dependent on you for support? (Do not count yourself) _____ dependents

14. What was your individual total income, cash and other, last week? \$ _____
Do not include payments from relief, WPA, NYA, CCC, or other emergency work.

Sign here _____
Date _____
Mail this card before midnight November 20, 1937. No postage stamp is needed. (J-18)

UNEMPLOYMENT QUESTIONNAIRE—A photographic copy of one of the 79,000,000 blanks which will be used in taking the unemployment census. The blanks are being printed at the rate of 3,000,000 a day at the government printing office in Washington, will be ready for mailing the middle of November.

become less anxious to buy luxury merchandise. And corporation executives, watching their shares slide, often hesitate before making forward commitments.

Factors Affecting Buying

Further, the slackening of activity in basic industries, such as steel, lumber, textiles, and railroad equipment, has resulted in shorter hours and fewer shifts—with inevitable lay-offs and their inevitable effect on purchasing power.

Then there are inventories. Though stocks of goods on hand are not excessive (*BW*—*Sep 25*'37, p16), neither are they low. Retailers have about all they can handle. Instead of increasing orders, they are letting sales reduce the goods on their shelves. What had been a "normal inventory" during a period of expanding sales, has become a somewhat weighty one now that the sales pace has slowed up.

Finally, weakness and fear of further weakness in raw material prices have made large-scale buyers cautious. Copper has fallen below 13¢; cotton has given no indication of having found a certain bottom; wheat has been tumbling all over the place. And various air pockets have been discovered in the commodity price structure—rubber, cocoa, hides, and tin. Indeed, all along the line prices have faded (see tabulation, page 72).

The combination of those four factors—(1) ragged stock markets, (2)

spotty employment, (3) inventory "congestion," because of an unanticipated slow-down in sales, and (4) weakening prices—have made purchasing agents cautious (*BW*—*Sep 18*'37, p13), and it will be some time before the confidence that makes for forward purchasing returns.

However, the widespread talk of buyers' strike seems to have been overdone. Though buying has slowed down—and undoubtedly the boost in retail prices has had an effect—there has been no sudden or concerted cessation of retail purchasing of a magnitude sufficient to be called a "strike." Undoubtedly, the psychological influence of the stock prices and layoffs has tempered some budgets, but the rise in sales in September (see charts, pp 14, 15) indicates pretty clearly that consumers do not think they are being gouged.

Merchants Shade Profits

As a matter of fact, there was so much summer-end conversation about high prices and consumer resistance that the beginning of the fall season after Labor Day found merchants shading profits, instead of raising prices and there has been a rash of special sales all over the country.

Today it looks as if retail price increases to compensate for higher merchandise costs and higher selling (labor) costs had been checked; it seems that unless there is an unexpected buying surge, retailers will have to work out the

rest of the year on lower profit margins per sales dollar.

The next demonstration of consumer buying power and willingness will come at the end of this month and the beginning of next, when the automobile shows, first in New York and then in Chicago (*BW*—*Sep 25*'37, p15) reveal the response to higher prices on cars.

In the meantime, it seems safe to say that retail trade has not generated enough power to open up the check-books of purchasing agents. They are still watchfully waiting—and not until stocks get down toward bare shelves is a strong wave of re-ordering likely to develop. Hence, for the remainder of the year, business is likely to move along at a slower gait, though a seasonal expansion in retail activity may be expected for Christmas.

Retail Bargain

Big New York stores discuss proposal for labor contract under guidance of Sidney Hillman.

NEW YORK'S big department stores wouldn't talk about it, Sidney Hillman of C.I.O. had nothing to say—but this week another of Hillman's "careful planning" projects was getting along nicely. Wrinkles were being ironed out of a proposal under discussion for several weeks, by which the Amalgamated Clothing Workers president would lend his services in overseeing labor's side of a joint bargain with the "big stores."

Already burdened by the chairmanship of the Textile Workers Organizing Committee, Hillman had been reluctant to take on another job, but employers in the New York area who watched him tie the New Jersey-Pennsylvania silk producers into one group (*BW*—*Aug 28*'37, p24) are wondering if he isn't the man to insure labor responsibility.

Hillman's philosophy of collective bargaining, often expressed, is that joint problems can be solved by management groups industry-by-industry, if management is properly advised as to labor's aims and if labor is properly educated in management's economics. He is the foremost C.I.O. exponent of "strikeless" tactics and of careful research to hold labor demands in line with what the industry in question can afford.

Consequently the Amalgamated chief has been "sold" to numerous employers. In the present venture, he would not take over the thousands of little stores in New York's retail setup, nor invade the jurisdiction of other unions. The discussions have been leading rather toward a joint labor policy by the biggest stores, and joint contractual relations with their own employees under Hillman guidance.

Labor

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Labor Talks Peace, Wages War

A.F.L. and C.I.O. spar over negotiating their differences, while their rivalry continues to make trouble for employers and labor board.

FROM a welter of words issued by two big groups of American labor unions this week, business management got part of the picture of the coming year in industrial relations, but had to guess at the rest of it.

These matters were on the record:

1. The American Federation of Labor will take its time about making up its mind on peace with the Committee for Industrial Organization; will plumb employer and public sentiment first, then consider the offer of C.I.O. to hold a joint peace-making conference.

2. Meanwhile, C.I.O. will try to worry A.F.L. into a peace agreement by acting as if it were entirely cut loose from the A.F.L., and will devote the next few weeks to building state and city councils, preparatory to the calling of a national convention.

3. Both groups will support "some kind" of wage-and-hour legislation, with the details not yet fixed. Both will stand behind the Wagner Act, although the A.F.L. "craft aristocracy" is going to fight hard for provisions to protect the small highly-skilled units against inclusion with mass workers.

Behind the scenes the prospects of recession in business volume continued to worry the labor leaders (*BW*-Oct 9'37, p13). At the C.I.O. executives' meeting in Atlantic City, with the press barred from discussions, much talk revolved around the building of courses in unionism for new workers, the problem of public relations for C.I.O., the Canadian labor situation, and the completion of organization drives in the big mass-production industries—automobiles, steel, textiles, rubber—each of which has an unorganized segment.

Criticize Drive in Canada

Mistakes in early attempts to organize Canadian labor were sharply criticized by some of the C.I.O. top executives, the consensus being that labor "above the line" should stand on its own feet and run its own business, though getting plenty of moral and even financial support from United States unions.

Biggest single item of discussion, at Atlantic City, was the C.I.O. "permanent setup," which called for a national convention. First step has to be the holding of conventions by the constituent unions, so that permanent officers and delegates can be selected. Phil Murray's steel workers announced that they were ready to go with their Pittsburgh convention in December. Joe Curran called a national conference of C.I.O. seamen in San Francisco for Jan.

The Labor Budget

Disclosing figures on the cost of C.I.O.—\$1,745,968 for 16 months, with \$960,000 spent during the steel strike—John Lewis' labor unions this week ended the temporary plan by which the older unions carried the newer ones, and set per capita dues for each member. C.I.O. members in affiliated national unions will pay 5¢ each per month to headquarters; members of chartered locals will pay 50¢ each per month. Industrial union councils are taxed \$25 to join, \$25 a year thenceforth; directly chartered local unions will pay 50¢ per member per month.

Although its initiation and local dues are usually much lower than those of the craft unions, the C.I.O. thus will have more money to spend on national efforts, inasmuch as the A.F.L. tax is 2¢ per month for big union members, 35¢ per month for separate locals. Last year the A.F.L. spent \$1,167,317; the largest item—\$457,787—went for organizers' salaries and organizing expenses.

17, at which a maritime convention will be planned. Rubber workers and automobile unions have held their conventions. Plans for textile workers are not yet jelled.

Meanwhile, as the unions debated, the National Labor Relations Board and the

Wagner Act continued to figure prominently in the impact of labor's internecine war on business.

Three clauses in the Wagner Act are whirlwind centers, as two or more labor groups, the board, and an employer go round and round. They are:

Sec. 7—Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing. . . .

Sec. 8 (1)—It shall be an unfair labor practice for an employer to interfere with, restrain, or coerce employees in the exercise of rights guaranteed by Sec. 7.

Sec. 9 (b)—The Board shall decide in each case whether, in order to insure to employees the full benefit of their right to self-organization and to collective bargaining, and otherwise to effectuate the policies of this Act, the unit appropriate for the purposes of collective bargaining shall be the employer unit, craft unit, plant unit, or subdivision thereof.

Any one of these rules is enough to set up a "major problem," and notable cases of the past few months have brought them all prominence. In the case of Sec. 7, cornerstone of the Act, no union dispute is needed; the petitioning group merely needs to show that it is denied the right to organize and to bargain which is guaranteed by the law. Under the other two sections, however, the bright flame of A.F.L.-C.I.O. rivalry sings the coat-tails of the board daily. If an employer favors one group over another, the board holds that it is a violation of Sec. 8 (1) that the unrecognized group is interfered with or restrained. When the board picks a bargaining unit, if there is any considerable sentiment on both the craft and industrial union side, it's in hot water at once.

In the Ambridge, Pa., case of Electric Products Corp. (*BW*-Sep 4'37, p5),



BEFORE STRIKING MINERS CAME UP—Fellow workers load a cable car with food, clothing, and other supplies for the trip 1,200 ft. underground to 38 "stay-down" miners in Mine No. 8 of the Lehigh Navigation Coal Co. at Coaldale, Pa. Early this week the seven-day strike was ended and the men came out of the mine when Pennsylvania's governor, George H. Earle—after two visits to the bearded, begrimed strikers and after conferring with company officials—arranged a partial agreement and further negotiations.

Wide World

wherein the company had recognized an A.F.L. group as exclusive bargaining agency, the board ordered an election. A.F.L. won it; C.I.O. dropped the contest, privately resolving to turn the verdict around after the contract expires.

In the General Steel Castings Corp. decision last week, the board made an important decision under Sec. 9 (b); it found that a C.I.O. union spoke for some 2,100 employees out of 2,700, but that three A.F.L. unions had substantial representation in plant units numbering 450 employees. Accordingly it ordered separate elections for the craft groups, "to determine whether a majority in each craft want an A.F.L. union, the C.I.O. affiliate, or neither . . ."

This decision was not a new departure; the board ordered separate elections a month ago at Globe Machine Co., Cleveland, in a similar decision, and in the Ohio Foundry case decided that an I.W.W. unit had jurisdiction in one plant while A.F.L. and C.I.O. should vote it out in two others.

As the various NLRB cases roll along toward elections and decisions, they are being removed from the "crucial" class temporarily, yet the larger problem of jurisdictional disputes is far from settled. In plants where C.I.O. has been defeated, it is determined to continue organizing and to gain the upper hand on termination of the A.F.L. contract—and A.F.L. feels the same way when it has lost an election. Many of the plant votes are close; at Ambridge it was 780 to 675, with 155 votes challenged.

Decisions affecting union rivalry are due in the Consolidated Edison case in New York, and in the C.I.O.-A.F.L. argument at Allis-Chalmers in Milwaukee. In both, the labor factions are bitterly opposed and the board can't fail to arouse the resentment of one side by ruling for the other.

Oil Trial Tremors

Government's criminal case at Madison is watched for effect on anti-trust policy.

As the Madison, Wis., oil criminal conspiracy case proceeds with sound effects by opposing lawyers, all business watches anxiously, wondering what significance it has in the Administration's future plans. Insiders know that the New Dealers are preparing a comprehensive anti-trust program for Congress.

Donald Richberg, former NRA general counsel, told a September meeting of the National Petroleum Association that some sort of federal control is inevitable. He said the method would depend on how well the industry handled itself prior to entering the operating room. The patient would have a breathing spell, said Mr. Richberg, because other and sicker industries were in line ahead.

If Government Loses

If the government loses its Madison fight to prove that the companies conspired to manipulate gasoline prices through pool buying, the defeat can be employed as a bloody shirt to rouse Congress in behalf of federal control. The government does not charge that acts attacked in this case were unreasonable or unjustified. It takes the position that regulation, however amiable, must be imposed by the government and not by the industry.

A record of evidence and arguments at Madison will be highly useful for the Administration. It may be referred to in preparing legislation, and may save a Congressional investigation. Since a Madison victory would be just as fruitful in this way as a defeat, the government is making every effort and

busily working every favorable angle.

Attorney-General Cummings was unnecessarily coy in explaining why the indictments were obtained at Madison rather than in an oil district. He might have admitted without shame that the government was doing what litigants usually attempt—to get the case into a court and a district favorable to its cause. Wisconsin has been in periodic uproars over oil marketing. Judge Patrick T. Stone, who is trying the case, is a Roosevelt appointee and can be depended on to give the prosecution a fair shake.

Bases Defense on "Intent"

Meanwhile the Madison case begins to take form. Col. William J. Donovan, in command of defense counsel, told the court, "The essential element in the case is intent." His stand is that the defendants merely continued practices which the government approved under the code and which exempted them from anti-trust action. Col. Donovan said that after the death of NRA (May 27, 1935) this continuance was proper and justified, and needed no governmental sanction.

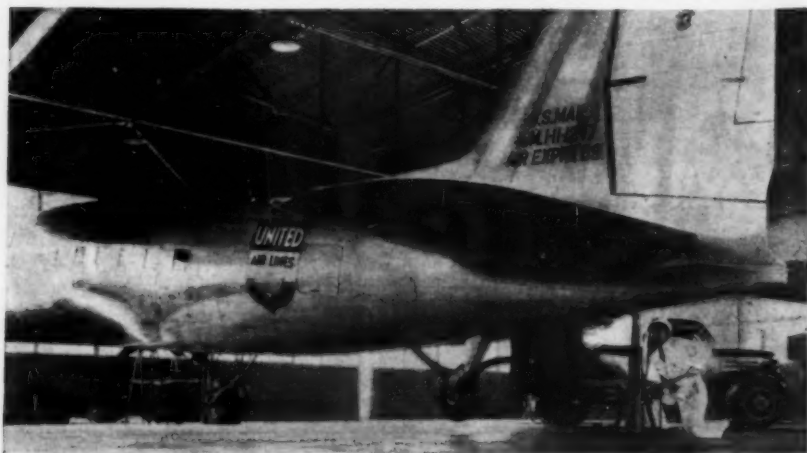
The long routine of testimony is under way. Expectations are for a trial of two months or more. Madison doesn't care if it is more. The judge's ruling that defendants must stay in town during the process has added groups of big company executives and their aides to the huge legal staffs. They will leave behind pleasant memories and a good deal of money.

Anti-Freeze Outlook

Producers, preparing for cold-weather demand, see market and price similar to last year's.

ALMOST any night now in the Northern states there is going to be enough of a frost to paint the final touches of color on Hallowe'en pumpkins and autumn leaves and to send motorists scooting to filling stations for their favorite brands of anti-freeze. This year's fall and winter driving season promises to be at least as good to anti-freeze manufacturers as last, when, according to the Automobile Manufacturers Association, about 40,000,000 gallons of anti-freeze of all kinds found their way into the nation's automotive cooling systems. The figure for the cold-weather driving season of 1935-36 was 39,000,000.

Industrial Alcohol Institute reveals that the total gallonage of alcohol anti-freeze ran about 32,000,000 gal. last season, 55% of which was sold under various proprietary names and the balance in bulk. DuPont participates in part of the proprietary total with an alcohol marketed under the trade name, "Five Star," but, with its methanol prod-



MORE SLEEP FOR AIR TRAVELERS—Overnight airlines are going to let those who like their sleep get plenty of it. United Air Lines now open berths to passengers at Newark at 9:30 P.M. (the plane gets away for Chicago after midnight), and allow New York-bound sleepers to remain in their berths after the Chicago planes get in at 2 A.M. And berths will be level—a special jack (see picture) to raise the plane's tail while on the ground takes care of that.

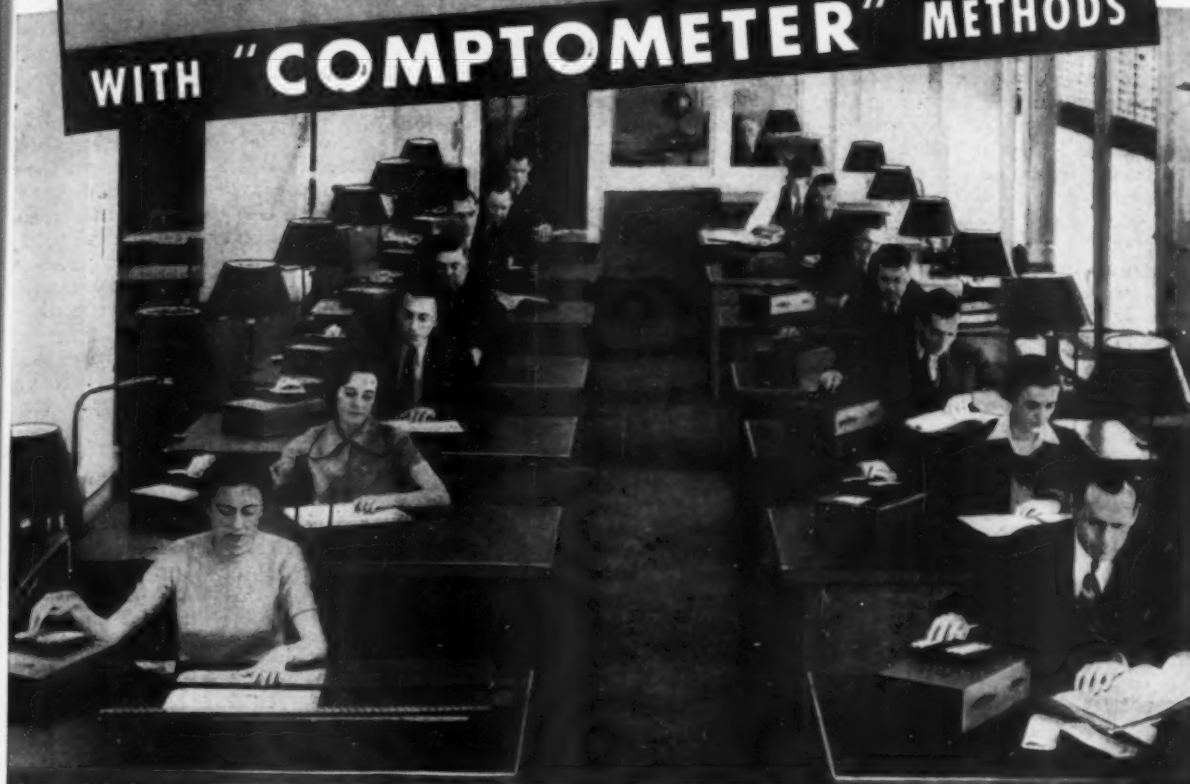
Business Week

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MEMPHIS POWER & LIGHT COMPANY REPORTS "better than 50% savings" WITH "COMPTOMETER" METHODS



When ideal working environment is combined with ideal working technique in any figure-work department, increased efficiency and worth-while savings result. The Memphis Power & Light Company of Memphis, Tennessee, achieves this happy combination through the use of the most modern indirect desk-lighting system (see photograph above) and modern "Comptometer" methods:

"Our General Accounting office uses the Model J 'Comptometer' exclusively because of its accuracy, flexibility, and speed in proving ledger postings, extending invoices, accounting distribution of invoices, preparing financial

and operating reports, and distributing payroll labor. In other departments, the 'Comptometer' is used for balancing proof sheets for customers' billings, for proving requisitions, and for figuring inventory on 80,000 classifications.

"Better than fifty per cent savings has been attained through the use of the 'Comptometer' Peg-Board on analysis of residential, commercial, and industrial sales and service."

There are ample grounds for assuming that "Comptometer" methods can effect substantial savings in your

concern's figure-work set-up. May we show you how—in your own office, on your own job? Telephone your local "Comptometer" office, or write direct to Felt & Tarrant Mfg. Co., 1733 N. Paulina Street, Chicago, Ill.



COMPTOMETER

Reg. U. S. Pat. Off.

uct, "Zerone," the firm also takes a good-sized bite of the market, which is not alcoholic in the commonly accepted sense of the word.

For one trade reason or another, duPont does not want to release figures on gallonage, past, present, or future, but does feel that a good season is on the way and that productive capacity presents no problem of keeping up with sales.

Production is apparently more of a problem to National Carbon, maker of "Prestone"; there seems to be a top limit of approximately the same gallonage as last year to which it can go this year. Already the sales department reports a fine intake of orders, but is not releasing figures on present or past gallonage.

Out of the Picture

Glycerine Producers Association of America states that its product has been practically out of the anti-freeze picture for the past three or four years, except perhaps in a few compounds marketed under proprietary names. The price structure has been such that glycerine producers have decided to shoot their sales ammunition in less competitive fields. The general consensus on the anti-freeze price structure this fall is that it will be approximately the same as last year.

Tires Have Anti-Trust Trouble

Manufacturers fear that federal investigation of identical bids may shake prices. Court hears arguments on Goodyear's appeal from FTC order.

HARASSED tire manufacturers confess a great deal of confusion these days over the exact meaning of the word collusion. If price maintenance is price maintenance in 1934 under NRA, does it become collusion in 1937 without NRA, they ask? (For a similar situation in the oil anti-trust case, see page 18.)

The confusion has arisen since Department of Justice men started to beat a path from Washington to Akron to point the accusing finger at 14 tire manufacturers whose bids on a million dollars' worth of government tires—a six months' supply—somehow came out even, forcing the Treasury Department to go to Sears, Roebuck for its tires.

Just three years ago these same tire manufacturers sat through stuffy code sessions in Washington listening to Administration officials tell them what they needed was a price maintenance formula. Tire price wars were cutting the heart out of the business. They had run the industry to the ragged edge before the lean years set in.

The tire manufacturers got their price

maintenance formula. It took a year and a half of tinkering to make it work, and in the meantime the Blue Eagle flew away. But the pattern set up under the code ended the price wars and brought a badly needed cleanup of merchandising methods.

The Companies' Answer

Now, the tire manufacturers plead that it was adherence to that government-inspired pattern of price control which got them into trouble with the government. It wasn't collusion, they say. "Can you imagine Goodyear and Firestone, those traditional enemies in so many bitter price wars, colluding on anything?" Such was the tenor of the tire companies' collective answer to inquiries from the federal attorneys who were gumshoeing around the city of Akron last week.

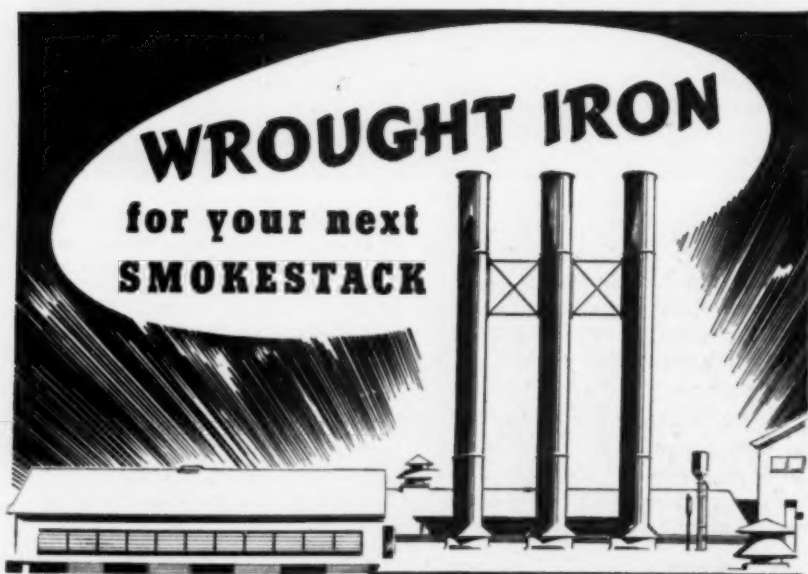
The manufacturers don't think they will be put on the spot right now, but they are worried lest the government snooping touch off another price-cutting spree. They are particularly distressed because of the heavy inventory which overhangs the market and conduces to price-slashing. More than anything else they fear a return to the wild and woolly days of 1928 to 1935 when there just wasn't any bottom in the price structure.

There are still plenty of hangers in the industry that go back to those days. And one of them—Goodyear's pet headache—was revived this week when the famous Clayton Anti-Trust Act case, growing out of Goodyear's contract on Sears, Roebuck tires, came up for review in the federal Court of Appeals in Cincinnati.

FTC Issues Order

In March last year (BW—Mar 14 '36, p20), the Federal Trade Commission issued a cease-and-desist order against Goodyear in the Sears contract case. The order was based on the contention that the 10-year-old Goodyear contract to supply Sears' private brand casings on a cost-plus 6% basis (later 6½%) had resulted in a net discrimination against independent dealers ranging between 11% and 22% on eight popular size tires.

Goodyear announced an immediate appeal from the order, but in July it voluntarily dropped the Sears contract in compliance with the Robinson-Patman law which had just then been enacted as an amendment to the Clayton Act. (Smaller manufacturers immediately snapped up the contract and Sears is obtaining its requirements of 8,000 tires a



FLUE gas service is corrosive. Commonly-used ferrous metals average 6 to 8 years. Wrought iron averages over 30 years in smokestacks. Also it requires less maintenance, takes and retains a better, more adherent, coat of paint.

BYERS

Wrought iron does

not embrittle due to sway motion. Tell your engineers to write for "The Use of Wrought Iron in Flue Gas Conductors" and for cooperation in analyzing corrosive trouble in your plant. A. M. Byers Company. Established 1864. Pittsburgh, Boston, New York, Philadelphia, Washington, Chicago, St. Louis, Houston.

GENUINE WROUGHT IRON TUBULAR AND FLAT ROLLED PRODUCTS

Specify Byers Genuine Wrought Iron Pipe for corrosive services and Byers Steel Pipe for your other requirements

Today this eliminates...
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It happened in Alabama

9 YEARS AGO

**Taylor gave to industry the results of its pioneering efforts on
Coordinated Instrumentation, or Process Control**

Today this new-old Taylor System assures product uniformity... eliminates waste... increases net profits for many plants in different industries. Take advantage of Taylor Consulting Service, which the coupon will bring to your office.

THE TREND toward the fully automatic control of entire processes may be recent. But the means for doing it is not new.

Nine years ago Coordinated instrumentation as developed by Taylor Engineers began to operate in process industries.

At that time twenty-six Taylor Systems of Control, illustrated by the panel board shown here, were designed and built for the Gadsden Plant of the Goodyear Tire & Rubber Company. Twelve more units were constructed for a tire and rubber plant in South America.

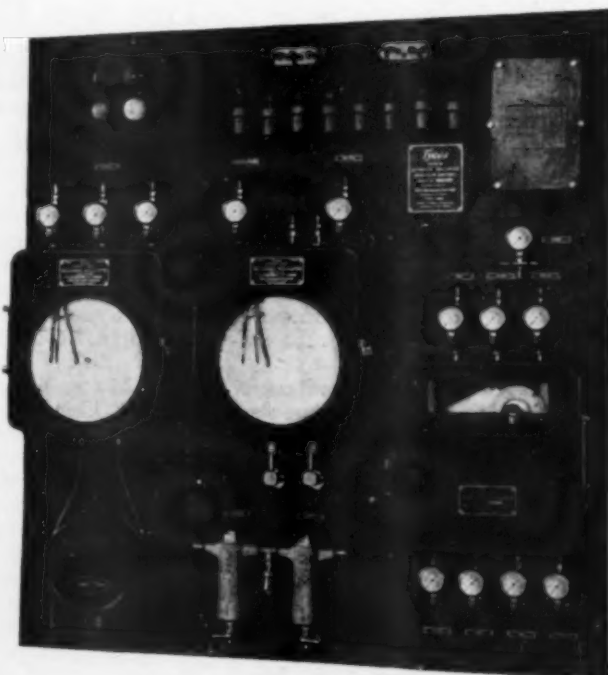
Ever since then, these thirty-eight systems have been automatically controlling time, temperature and pressure in curing all the tires made at these two plants. And since 1928 Taylor Systems of Coordinated Instrumentation have been helping to produce many products in rubber, brewing, textile, tobacco, food and other fields.

WHAT IS TAYLOR COORDINATED INSTRUMENTATION? It designates process control in which two or more variables are controlled in a predetermined relation to one another. This includes installations all the way from a single Taylor

Time-Schedule Controller to a complex system in which several instruments are coordinated and interlocked to carry on completely an intricate process. The latter system is built around a Taylor Time-Cycle Controller, the complete master of a process cycle, which runs a series of operations according to a hard and fast schedule to produce a product of precise characteristics and qualities.

WHAT TAYLOR COORDINATED INSTRUMENTATION OFFERS TO MANUFACTURING EXECUTIVES. This system guarantees reproduction of a processing schedule at any time—every time. It is one of the best assurances of uniform quality. It speeds the production flow. It practically eliminates waste and seconds. It saves money... cuts production costs. It increases net profits.

Taylor Coordinated Instrumentation is a time-proven method of automatic control. It is an investment whose returns exceed the money invested. Let us fit it to your needs in your plant. To get the services of engineers who know industry's problems and will help you apply this control to your processes, just fill out and send in the coupon. Taylor Instrument Companies, Rochester, N. Y. Plant in Toronto, Canada. Manufacturers in Great Britain—Short & Mason, Ltd., London, England.



IN 1928

Taylor began work on Coordinated Instrumentation on an extensive scale. The illustration shows panelboard of system designed for the Gadsden, Alabama, plant of Goodyear Tire & Rubber Company. This Taylor system successfully controlled factors of time, temperature and pressure in curing tires made at this plant and have been in continuous use ever since.

Taylor

Indicating Recording Controlling

**TEMPERATURE, PRESSURE, FLOW
and LEVEL INSTRUMENTS**

Taylor Instrument Companies
85 Ames St., Rochester, N. Y.

Gentlemen: I want to know about Coordinated Instrumentation and what can be done to apply it to my plant and product. Please see that I receive full information.

NAME _____

EXECUTIVE POSITION _____

ADDRESS _____

CITY _____ STATE _____

(Please attach to your company letterhead)



*...thrilling climax to
a brilliant Furness trip!*

TRAVELERS who seek an intimate knowledge of South America turn instinctively to the East Coast. For there's where fascinating play-capitals are—Rio, Santos, Montevideo, Buenos Aires! Of course you'll want to see these rare, exciting cities . . . with their race-tracks, cafes and smart suburbs only a stone's throw, so to speak, from green jungles or sweeping pampas.

The East Coast is renowned for its vivid contrasts! And "Furness Prince" is equally renowned among East Coast travelers—for its four superb motorships, *Northern Prince*, *Southern Prince*, *Eastern Prince*, *Western Prince*—for its smooth British routine of service and seamanship, for its speedy, fortnightly sailings to the four key cities of the East Coast.

Sailings every fortnight from New York, with call at Trinidad on return voyage. Reservations and literature from your own TRAVEL AGENT or Furness Prince Line, 34 Whitehall Street or 634 Fifth Avenue, New York City. Phone BOuling Green 9-7800.

FURNESS Prince LINE
Leads the way to
SOUTH AMERICA

day from Fisk, Gates, Monarch, Pharis, and Lake Shore.)

Since the contract no longer exists and since the Robinson-Patman amendment establishes a much more specific yardstick for measuring price discrimination, the court last week brought up the question whether the matter at issue is moot—that is, whether it has ceased to be an actual legal dispute and has become a mere debate. The court ordered both FTC and Goodyear to file briefs on this point.

It's Not Academic

Both parties to the case will unquestionably argue that the point at issue is still decidedly alive. Goodyear contends that it never complied with the cease-and-desist order, and it does not want to appear as having complied with it, for that might invite a whole host of suits for triple damages from all injured parties. And the injured parties might include scores of small manufacturers who were wiped out during the price-cutting days, and hundreds of dealers who were forced to fold up.

In the Federal Trade Commission annals there is one case which seems to parallel the Goodyear action—a deadly parallel to Goodyear. The American Can Co. sold cans and rented capping machinery to its customers, including the old Van Camp Packing Co. and the Ladoga Can Co. The commission charged that American Can discriminated against Ladoga by allowing an 18% differential in favor of its big customer, Van Camp. That issue was settled, but later Ladoga sued American Can and collected \$105,000 in triple damages.

A Point to Settle

For its part, FTC is anxious to go ahead with the Goodyear case, for in all its history it has never had so celebrated an action—an action which can be credited in large part with the present existence of the Robinson-Patman Law. Furthermore, there is one critical point at stake which FTC would like to establish, since it would expedite its enforcement of the R-P act. Both the Clayton and R-P specify that due allowance in price differentials may be made for differences effected in the cost of manufacture, sale, or delivery of goods for various customers.

But what does "due allowance" cover? By what cost accounting procedure shall it be determined? FTC contends that the big customers must be compelled to bear their proportionate share of the producer's total overhead. Thus, if the Sears business represented a third of the Goodyear replacement tire sales, then Sears should have been charged with one third of Goodyear's warehousing cost although it did not use one-third of the warehousing service. Similarly, FTC maintains that the Sears private brand

tires should have carried their share of Goodyear's total advertising cost, despite the fact that Sears, far from benefiting from such advertising, was actually having its sales job made tougher by such advertising. The only allowance in Sears' favor which FTC acknowledges is that based on actual freight and selling charges.

But there are suggestions that the commission may be satisfied with something less than an unqualified verdict against Goodyear. In effect, it has already won its battle, since Goodyear has dropped the contract. Also, there is the little item of Sears' present preferred position in the good graces of the government to reckon with. With FTC proceeding against Sears, any action which the Department of Justice might contemplate against the 14 tire manufacturers would appear inconsistent.

However, FTC is apparently not too much impressed with the Treasury Department's award of its order to a mass distributor, for it is reputedly starting an investigation of the United States Rubber Co.'s "mutual plan" (BW—Dec. 5 '36, p. 14). The U.S. Tire Dealers Mutual was set up when U.S. Rubber took over the Standard Oil Atlas tire contract and added it to the Montgomery Ward lines last summer. Under the mutual plan, tires were sold to the mass distributors and to the dealers' co-operative at the same price, the cost of advertising being charged back to the mutual. Now the commission apparently thinks that plan is a deliberate evasion of the Robinson-Patman Law, devised to justify continued big price differentials to the mass distributors.

Tire Men Plan Action

Independent dealers' convention will demand price-fixing contracts; rap manufacturers.

To independent tire dealers all across the country last week went the following telegram: "Now is the time for all independent tire dealers to get to a most important meeting of nation's dealers to bring about a change in replacement field. In 1925 dealers did about 98% of replacement sales business, in 1937 about 54%. Why the decrease? Lack of organization. Nothing else. Motor, fly, go by train—Hotel Stevens, Chicago, Oct. 18, 1937. Urgent you be there to protect your business future."

At this, its seventh annual convention, the National Association of Independent Tire Dealers is set to follow right along in the footsteps of the independent druggists, and to "recommend" to big manufacturers that they enter into "fair-trade" contracts. So far contracts are fairly scarce—confined to one company, Goodyear, and one



Big Business

THE greatest economic superstitions of this generation cluster around the words "Big Business".

What a curious fact that so many users of the automobile, refrigerator, radio, telephone and thousands of other incidentals of American life do not stop to think that business—big and little—has been responsible for great and continuing advances in our standards of living, the benefits of which have extended to the humblest homes.

Business creates jobs, reduces the cost of goods, provides tax revenues, and promotes new discoveries and inventions. Without productive enterprise there can be no wages, taxes, national budgets or security. Failure to understand this is costly to all. Fortunately, larger sections of the

public are beginning to realize that the public interest coincides with private business interests and that the masses enjoy the greatest benefits when conditions are favorable for the profitable operation of business and industry.

This Bank is a lender of funds to many businesses. As a fiduciary, it must also invest substantial sums in corporate securities. It is therefore vitally interested in the success of business.

We consider it part of our responsibility to help create a clearer public understanding of the place of business in the scheme of things. In subsequent advertisements we shall endeavor to explain some of the outstanding achievements of American business.

BANK OF NEW YORK & TRUST COMPANY

48 Wall Street • New York

UPTOWN OFFICE: MADISON AVENUE AT 63RD STREET

New York's First Bank

Founded in 1784

Copyright 1937—Bank of N. Y. & Trust Co.

Camera Hobby Helps Sales

Many business men have fallen for the photographic craze and some find the pictures effective promotion for their products.

H. H. HARRIS, president of General Alloys Co., Boston, is an aviator and a camera fan. He combines his hobbies to increase sales. He has "shot" from the air dozens of big industrial plants between New England and St. Louis.

Many of these are his customers. After obtaining pictures he mails a complimentary print or series of air views to company executives. The good-will which Mr. Harris accumulates in this dramatic fashion is beyond the measure of orthodox yard sticks. He has photographed all of Cleveland's steel area, also Massillon, Lorain, Toledo, Gary, Chicago, and other centers.

50 Pictures An Hour

Mr. Harris flies a Fairchild cabin plane. He averages 50 pictures per hour using Skyview and Folmer Graflex aerial cameras. Miss Ruth Grainger, Mr. Harris' secretary, also is a licensed pilot. She can spell the boss at controls of the ship or the camera. Mr. Harris writes that recently he got slag dross on his wings over Gary in taking chances to get extra good shots.

He might be called the flying ace of business men who have fallen for the camera fad. The photographic industry resents any suggestion that the miniature or candid camera is a luxury item. Actually, mechanics rub elbows with bankers in camera clubs, and millions can afford a few hundred dollars for picture equipment in a country where automobiles are universal.

Nevertheless, when the virus strikes deep, when expensive accessories become a necessity, it takes a man with money fully to indulge the craving. Thus Leica's autofocus Model FF sells for \$186 without lens or case; fitted with a Xenon 1.5 lens the cost is \$366. Zeiss' Contax with built-in exposure meter and range finder, equipped with a 1.5 lens, retails for \$370. If you want long shots at fast action you may require Zeiss' shotgun model, with camera and telephoto lens mounted on a gun stock, which is prized by press photographers. Price \$800.

"Refugee Cameras"

Distributors of these German makes are glad to report a decline in sales of "refugee cameras." These are cameras brought into the United States as personal property to be sold to individuals or dealers. The temptation has been great, since a Leica that costs \$106 in Germany brings \$213 at retail in this country. This wide differential, coupled with a runaway demand, is sufficient to induce travelers or steamship employees

to sneak in considerable numbers from Germany and from countries where they are sold duty-free.

Once infected, the minicamera victim is rarely satisfied with a minimum of equipment. He gradually acquires a stock of expensive cameras, lenses, and filters. In the final stages he even sets up a laboratory in his home where he does his own developing, enlarging, printing, mounting. No section or class is immune.

Bruce D. Grimes, who is heavily interested in silver mines, has what is called the most complete candid camera outfit in Chicago. His investment in picture equipment is estimated at \$7,500. Another Chicagoan illustrates the genius of the small camera fan for being on the job where things happen. L. A. Drew, of the Kirkgasser-Drew advertising agency, happened on an accident in which a passenger car hit a truck. In the fire that resulted, three persons burned to death. Unable to help the imprisoned victims, Mr. Drew snapped a picture of the tragedy and later sold the publication rights to a Milwaukee newspaper.

Some other Chicago devotees are Samuel Insull, Jr., whose favorite subject is cats; James R. Ofield, lawyer and son-in-law of the late William Wrigley,



TWO PRIZE "SHOTS" by H. H. Harris, president of General Alloys Co., Boston, the flying ace of business men who have fallen for the camera hobby. The picture above is of the International Harvester Co. plant in Chicago; below, of course, is Niagara Falls. Like many other business camera-enthusiasts, Mr. Harris uses his hobby as a goodwill builder, sending pictures of plants he has snapped to his customers.



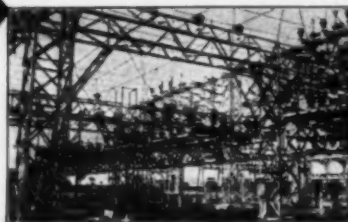
A WORD WITH YOU IN PRIVATE



If you are one of America's busy industrialists, laboring long hours to keep production up and cope with the perplexing problems that beset the manufacturer of today, then we would like to bring you facts and figures concerning Mississippi's industrial advantages as applied to your specific business — facts to prove that your organization can plan for years of uninterrupted and profitable operation in Mississippi.

ADEQUATE POWER

Mississippi has every facility to supply adequate electric power at low cost for all industrial purposes. Modern transmission lines form a veritable network throughout the entire State providing power from TVA and privately owned systems.



A MODERN SUBSTATION

FRIENDLY LABOR

Mississippi labor is friendly, intelligent and 99.6 per cent native born. Industries find in Mississippi the type of employees that fair employers need and want.

Mississippi cities and towns offer friendly cooperation and assistance to sound industries seeking new locations. New legislation has been designed and enacted to assist, in a cooperative, helpful way, the balancing of agriculture with industry.



FRIENDLY, HAPPY EMPLOYEES

Read the Facts — Write Today

for this illustrated booklet—it contains new and interesting information about "Mississippi — A Land of Industrial Opportunity."



MISSISSIPPI INDUSTRIAL COMMISSION

A DEPARTMENT OF THE STATE OF MISSISSIPPI
JACKSON, MISSISSIPPI

MISSISSIPPI A GREAT AGRICULTURAL STATE — GOING TO TOWN **INDUSTRIALLY**

Jr., who takes both stills and movies, and is partial to marine scenes; and Chauncey B. Borland, real-estate owner, who likes "record work,"—that is, pictures of his family, special events, places he visits, etc. Will A. Kelly, lawyer and president of the Chicago Camera Club, has a wide range of picture interests.

A list furnished by Bell & Howell, manufacturers of movie cameras, gives names of some other prominent Chicagoans who prefer to take motion pictures. It includes John T. Pirie, of the Carson, Pirie, Scott department store; Laurance Armour, of the celebrated packing family; Alexander H. Revell, Jr., of the furniture company; A. B. Dick, Jr., Mimeograph manufacturer.

Washington Is a Magnet

Washington, because of its beautiful vistas and its advertised personalities, is a happy hunting ground for the camera fiend. Here picturesque personalities (such as bewhiskered Sen. J. Hamilton Lewis of Illinois) make the shutter finger itch. Washington celebrities are shot at more often than they shoot. But the hobby has plenty of local devotees, among them Franklin Roosevelt, Jr.; Secretary of the Treasury Morgenthau; Sen. Duffy of Wisconsin; Sen. McAdoo of California.

The West Coast, a region of dramatic scenery (and in Hollywood of famous persons), encourages the amateur camera art. A San Francisco stand-out is Tiley L. Ford, executive vice-president of Swayne & Hoyt, Ltd., steamship company. He carries around a \$1,500 Contax camera and accessories. A subsidiary hobby is developing and printing research. During an attack of flu last winter he had a special laboratory installed in his sick room. His office overlooks the Oakland bridge and he made a pictorial record of its construction.

Like many another business executive, Mr. Ford turns his hobby into a goodwill getter. Recently he photographed each step in the shipment of a product on his steamers and gave each customer one of the series. His greatest delight is to try out new photographic chemicals and write learned comment thereon for camera publications.

Glorifies the Prosaic

Another colorful San Francisco addict is B. R. Hart, head of the Alaska Packers Association. His specialty is pictorial work which he has studied under famous instructors. He has glorified prosaic scenes and types from Alaska to New Mexico. Mr. Hart uses a Contax, a Zeiss Jewel, and a Graflex.

Leica enthusiasts in the Northwest include W. C. Schuppel, executive vice-president of the Oregon Mutual Life Insurance Co., and John Zehnbauer, president of Jantzen Knitting Mills, Portland. Mr. Schuppel is preparing a slide-film series of his company's build-

It isn't unconstitutional . . . but it does seem to be unusual for Court Reporters to use any typewriter except the L C SMITH!

ALMOST SIX TO ONE!

More L C Smiths are used by Court Reporters in New York and Chicago than all other typewriter makes combined!

MORE EVIDENCE

Typewriters used by Court Reporters listed in Chicago Classified Telephone Directory:

L C SMITHS used . . .	248
All other makes . . .	34
Total . . .	282

In New York, you may recall, Court Reporters also prefer L C SMITHS, by a score of 194 to 42. All figures from actual count, June, 1917.



The **NEW Super-speed L C SMITH**

COURT REPORTERS are from Missouri. They buy their own typewriters, pay for all repairs, use them *hard* . . . and *long* . . . and are paid solely by piece-work. We simply can't imagine more competent testimony on typewriters . . . and look at L C SMITH'S record with them! Now . . . couldn't *your* office profit, too, by this same speed and economy? Ask our nearest branch or dealer to demonstrate the sensational new "Super-speed." L C Smith & Corona Typewriters Inc Syracuse N Y

CORONA



"THE FIRST PORTABLE"—New 1938 "Pacemaker" Speed Models now available at all dealers

**He Operates a
Punch Press Yet...**

**He's a
Budgetary Expert!**



For every master of money management in your financial department there are scores among the overall-clad ranks of your plant! Take a typical punch press operator. Father of three healthy, well-fed, neatly dressed children. Paying for a modest yet comfortable home. Driving a car—not the latest model, of course, but a perfectly respectable vehicle for weekly outings. Even putting a few dollars into the bank every month. How would you do all this on his weekly wage? You'll grant that he and his wife perform miracles of budgeting—make the problems of your treasurer pale in comparison.

But when an unforeseen emergency—lay off, accident, any one of the many hazards of industrial civilization—exhausts the family's reserves, budgetary skill doesn't help much. The family must have money help quickly. At Household Finance any responsible worker can borrow on his future earning ability—without security or embarrassment and at reasonable cost. Repayment of the loan is made in small monthly instalments. Last year Household Finance acted as "Doctor of Family Finances" to more than a half million wage earners.

To help lower bracket groups make the most of their limited incomes Household Finance carries on an extensive educational program in money management and better buymanship. Thousands have learned from Household's practical publications to spend wisely and save on daily necessities. Schools and colleges make daily use of this material.

Interesting Booklets Free

To employers and supervisors of employees the story of Household's work as "Doctor of Family Finances" presents a little known aspect of the modern small loan company and its role in today's industrial society. We will gladly send you interesting, illustrated booklets describing Household's activity as lender and family financial counselor. Please use the convenient coupon below.

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"Doctor of Family Finances"

one of America's leading family finance organizations, with 228 branches in 148 cities

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ing, offices, executives, etc., to show at sales gatherings. You find him on the sidelines making action shots at football games and other athletic events. He has been at it since he was 12. Mr. Zehntbauer likes travel subjects and scenic views, especially sea-beaches. Guests are targets for candid shots when they least expect them.

Shoots Foreign Scenes

In Kansas City, Mo., Bryson Jones, vice-president of R. B. Jones & Sons, insurance, works feverishly for seven months so that he can spend the rest of the time shooting foreign scenes. His weapons are, for movies, a standard 35 mm. Bell & Howell, Eyemo; for stills, the 71 Kodak. He has \$15,000 worth of movie film which has been edited and titled into nine pictures. Each is an evening's entertainment. Mr. Jones' lectures in connection with the movies are vividly interesting. He is now being professionally booked by the Hodges-Kessinger Bureau.

Chester Woodward, Topeka capitalist and art patron, also spends part of every year in foreign travel for picture purposes. His 16 mm. movie travelogues (many in color) are professional in their technique, and his lectures (given without charge) are in great demand by clubs, etc. Pet subjects are obscure foreign scenes and unusual native types. For stills he uses a Voightlander Prominent, for movies the Eastman Cine.

Ted Griest, Topeka architect, uses 35 mm. Kodachrome stills in going after new jobs. Made into slides and projected in color, pictures of buildings he designed make effective promotion material.

Likes Colored Slides

Gilmer Winston, banker of Memphis, Tenn., also is partial to colored slides of his pictures, but his are mostly travel subjects.

Theodore A. Willard, ex-president of Willard Storage Battery Co., now living in Beverly Hills, Calif., continues a hobby he began as a youngster with home-made glass plates and printing paper. His pet subject is Mayan ruins in Yucatan about which he also writes. He employs both still and motion cameras, using monotone or color film. Last year he shot 5,000 ft. of 16 mm. film in color and this year his score of still Leica shots in color, is 3,000. For movies he alternates between a Bell & Howell Victor and cameras he has made himself.

G. W. Mason, president of Nash-Kelvinator, Detroit, indulges mostly in stills, using a Leica and a Contaflex. He prefers shots of people, and mails selected pictures to his friends or customers. A. I. Root, dealer in bee-keepers supplies, Medina, O., has a different type camera for each type of subject. His equipment includes a Model D. Graflex, Voightlander, Eastman Retina, Bell & Howell 70D movie camera. He

uses his pictures to study the habits of bees and for sales material.

James G. McMillan, president of the Wander Co., Chicago, brought over an interest in photography when he came to this country from Scotland as a boy. He worked upward through various Kodaks to a Bell & Howell movie camera using Kodachrome film, and finally a Leica. Favorite terrains are Arizona and other parts of the West.

L. O. Anderson, Duluth banker, has gone to the Belgian Congo to make color movies of animal life.

A Banker Photographer

Millar Brainard, vice-president of the First National Bank, Boston, uses a Graflex and Graphic for stills, a Bell & Howell for movies. He likes to photograph landscapes and children. While admitting the value of miniature cameras for candid work, he prefers larger sizes. Mr. Brainard says he takes hundreds of pictures, hoping to turn out one or two good ones a year, adding wistfully that "after I have studied them all very few turn out to be worth anything."

A complete list of business men who have succumbed to the camera craze would fill a directory of considerable poundage. Here are some final additions to *Business Week's* sampling of the fad: William S. Paley, president of Columbia Broadcasting; George Washington, president George Washington Coffee Refining Co.; Richard Simon, publisher; G. R. Ford, director of Libbey-Owens-Ford; T. C. Fetherston, advertising head of Union Carbide & Carbon; Hunter S. Marston, former president of Bancamerica-Blair Corp.; John J. Raskob; Charles Lindbergh; Godfrey and William A. Rockefeller.

Where Devotees Gather

There are natural foci for the picture zealots. Movie devotees have a meeting-ground in the Amateur Cinema League, New York. Hundreds of camera clubs offer the still photographer an opportunity to contact (and snap) other members of the species, to exchange experiences, promote exhibitions of work.

Business men will be found on the camera trains which are run from time to time by several railroads. They are also in evidence (often in undignified attitudes) at night clubs, theaters, conventions. Their greatest satisfaction seems to be the portraiture of friends scratching their heads, yawning, or falling into other embarrassing lapses.

One reason why the epidemic shows no signs of abating is the interest in all photography stimulated by amazing indoor or action shots captured by expensive imported cameras. But you don't need a Leica or a Contax or a German-made Eastman to get effective pictures. Brains still are more important than \$100 lenses. Owners of inexpensive apparatus are proving it every day.

Sales

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Sales Trailers Going Strong

A *Business Week* study reveals the strength and weaknesses of this new sales device, shows how it is being used to greatest advantage.

WHAT is the present state and the probable future of the commercial trailer? Expectations of the coach (or home) trailer market proved to be too rosy; are sales of commercial trailers apt to encounter similar resistance?

A study of this field by *Business Week* discloses many interesting facts. There appears to be little reason for worry lest the commercial trailer fail to measure up to advance billings, as the galloping bungalows have done (*BW*—Apr 24 '37, p 41). To trailer manufacturers this happy portent may mean the difference between a mass and a specialty market.

Trends of the utmost significance appear from reports by users of commercial trailers. The trailer represents a highly mobile form of display and demonstration room, and hence each is able to cover in a single year an immense territory. However, few companies which use the device to contact distributors and dealers indicate any plans for greatly expanding their fleets.

"Sales Coach" Effective

The biggest potential field, possibly one of mass proportions, apparently lies in future sales to retailers and manufacturers selling direct to consumers—marketing technique which seems destined for increasing vogue as manufacturers and distributors seek ways of cutting costs of distribution. Effectiveness of the "sales coach" as a means of demonstrating home items to housewives, receives enthusiastic endorsement. The limit to expectations here promises to be

set only by the merchandising skill of trailer manufacturers.

Potential sales to manufacturers using commercial trailers for strengthening their hold on distributors appear more encouraging if producers will seek to induce new companies to adopt the de-



The interior of one of Toledo Scale Co.'s two itinerant showrooms.

vice, rather than concentrate additional sales pressure on companies already employing trailers. Endorsement of trailers is almost unanimous. In some cases it is positively lyrical.

The display trailer gets the interest of distributors, enables the salesman to show fuller lines (or heavier items) than would be otherwise possible, substitutes sight and feel for catalogue impressions, removes the prospective buyer from the distractions of his office routine, and is

proof of the user's progressivism. Moreover, the trailers moving through crowded streets or open country attract public notice. Firm names or trademarks painted on the sides become "moving billboards," therefore valuable advertising.

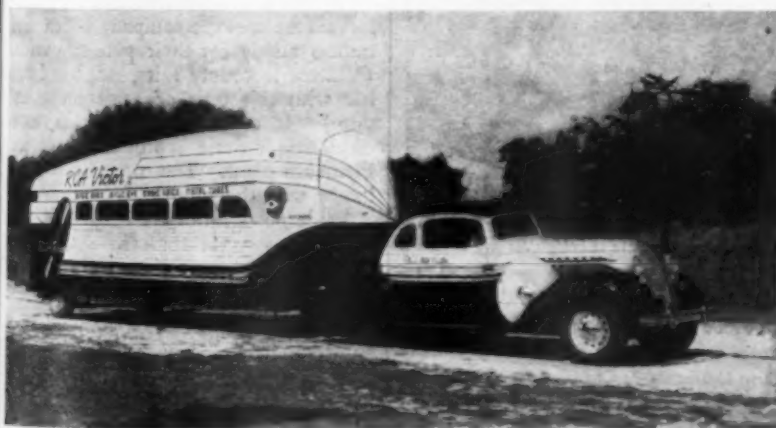
RCA-Victor finds that orders follow demonstrations (even with "hard-to-crack dealers"), that 200,000 persons have visited its coaches, that results justify use of its three trailers until the United States has been blanketed. Crosley Radio, Cincinnati, attests the value of its single traveling billboard which stimulates both dealer and consumer sales, and has a unique value in parades, fair grounds displays, etc.

Planned Trailing

Toledo Scale operates two trailers according to an elaborate, printed plan for district sales managers. Its trailer personnel gets a break since the coaches work southward in cold weather. General Electric Supply Corp., Atlanta division, finds the trailer method "most effective" and profitable in contacting numerous accounts in small towns scattered over a wide area.

Black & Decker Mfg. Co., Towson, Md., uses several types: some salesmen have two-wheel trailers with displays of the company's portable electric tools, others have similarly fitted light delivery trucks (for long, fast runs), others have displays built into the rear decks of coupes, still others have house trailers in which they can live while they are on the road.

Application of the trailer to garage supply lines is illustrated by Modern Equipment Corp., Defiance, O., Wilkening Mfg. Co., Philadelphia, and Bowes "Seal Fast" Corp., Indianapolis. Wilkening operates nine trailers and plans to increase its fleet. Modern Equipment doesn't approve of the trailer "for constant, repeat effort" and is considering using it for 18 months only. Bowes has

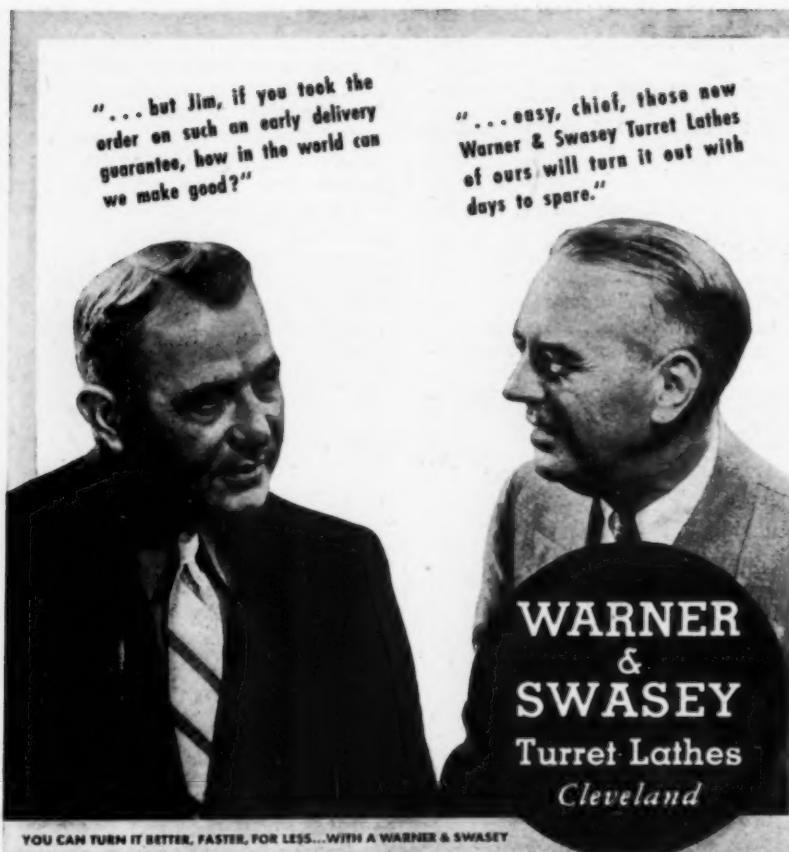


MUSIC ON THE HOOF—One of the successful users of trailers for commercial purposes is RCA-Victor. More than 200,000 people have visited the three elaborate, streamlined coaches now on a country-wide tour, and the company reports that orders follow in the wake of the trailers. Both inside and out, the RCA-Victor coaches are among the handsomest commercial trailers on the road.



"...but Jim, if you took the order on such an early delivery guarantee, how in the world can we make good?"

"...easy, chief, these new Warner & Swasey Turret Lathes of ours will turn it out with days to spare."



WARNER & SWASEY
Turret Lathes
Cleveland

YOU CAN TURN IT BETTER, FASTER, FOR LESS...WITH A WARNER & SWASEY

BRIDGE THE GAP - TO FIRE-SAFE ROOF-DECK CONSTRUCTION



● Most building owners want fire-safe floors and roof-decks but the expense often discourages their construction.

GYPSTEEL PLANK* is the modern answer to this problem because it bridges the gap between the high cost of masonry and the low cost of wood. It has the required strength and permanence, yet can be cut, sawed, nailed or bored. PLANK may be installed with such speed and economy that it puts fire-safe construction within the reach of every building budget. Full information about PLANK and its many uses may be had by writing for the PLANK Bulletin. Structural Gypsum Division, American Cyanamid & Chemical Corporation, 30 West 30th Street, New York, New York.

WITH **GYPSTEEL PLANK**

*Trade Mark

50 sales trailers. It says an outstanding advantage is the demonstration of service equipment "right before the dealer's eyes."

Graybar Electric Co.'s Atlanta district rates the trailer as of great value but finds its use "very costly." An executive of the Stanley Tool Works, New Britain, Conn., likes his display trailer but won't ask for additional ones unless they can be "bought and outfitted for around \$1,500. The present one cost us a good deal more than that."

Shows Heavy Products

Another organization, Square D Co., Detroit, maker of electrical equipment, employs two display coaches for an educational job, showing products too heavy for salesmen to carry. The display gets a hearing from the most reluctant prospects and demonstrates devices which many customers didn't know the company made. Horton Mfg. Co., washers and ironers, Fort Wayne, Ind., says the trailer is "one of the most effective means of introducing a new line to dealers and prospective dealers ever devised."

A gain of 50% in sales is reported by Coleman Lamp & Stove Co., Wichita, by furnishing the salesman with a display trailer and a specially qualified assistant to drive and demonstrate it. Many companies are definitely sold on the trailer as a sales aid but find it hard to evaluate the returns in dollars and cents.

Some of these firms are: the Estate Stove Co., Hamilton, O.; Evinrude Motors, Milwaukee; Cities Service Co., New York; Rockwood & Co. (cocoa, chocolate), Brooklyn; Pioneer Gen-E-Motor Corp., Chicago; Cowham Engineering Co., New York; Utica Drop Forge & Tool Corp., Utica, N. Y.; Parker Co. (electrical equipment), Denver.

Trailers for Publicity

Plymouth Division of Chrysler Motors exemplifies the company which uses trailers purely for their publicity value. (Visitors to county fairs, etc., are familiar with this type of sales showmanship.) It operates two coaches, each displaying a scale reproduction of the Plymouth plant. The company is "very happy with the results."

Wide possibilities are evident in consumer selling via trailers. Authorities are agreed that there is virtually no limit to the type of goods which can be economically moved by this means. Over a long period of years the Jewel Tea Co. has proved the efficiency of the door-to-door system of moving even such small unit merchandise as groceries.

Trailers are, of course, particularly well-adapted to the sale of such goods as electrical household equipment, for the showroom travels to the customer's



BRUTAL TO FIRE—

yet harmless to men or materials

It will kill a blaze in a huge lacquer dip-tank in the flash of a few seconds. Yet it will leave the liquid paint clear and clean.

It will snuff out fire in a generator without damaging its intricate and delicate windings. You can even spray it on your new business suit and find not the slightest trace of dampness or soiling.

LUX carbon-dioxide snow-and-gas is amazingly gentle to industry's most delicate and costly equipment. Yet it is the fastest known extinguishing agent, brutal to fire.

Prevent Production-Line Delays

With Lux fire extinguishers you will elim-

inate delays in your production line. No extinguisher damage. No time-losing clean-ups. No harmful fumes. Lux is clean, dry and harmless.

But, remember, Lux is death to industrial fires.

Let Us Make a Survey

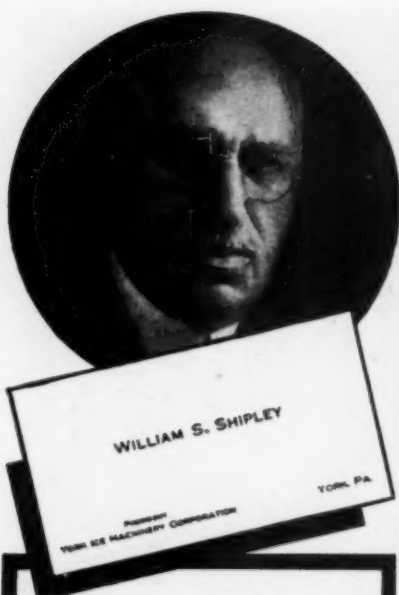
Lux engineers have built a seventeen year record distinguished for accurate solution of the problems of industrial fire protection. Let us, without obligation, make a survey and recommendation for your specific fire hazard problems.

Write for new brochure, "Lux Makes The Difference."



Walter Kidde & Company

324 West Street, Bloomfield, N. J.



BUSINESS and GOLF are his two HOBBIES

Meet William S. Shipley, president York Ice Machinery Corporation, York, Pa.

Mr. Shipley is one of the pioneers in industrial refrigeration and air conditioning. Today, he enjoys the great satisfaction that comes from seeing his business—which has been lifelong hobby No. 1 with him—among the world's foremost air-conditioning enterprises. His No. 2 hobby has been golf, keeping him fit for his strenuous business activities.

Modern Mechanix has supplied Mr. Shipley interesting reading from time to time on both of his hobbies. He, like many other leading American industrialists, can be reached through this newsy, factual magazine of Hobbies and Inventions. So can 274,548* others who make up one of America's most accessible ALL-MAN Markets. They are the Modern Mechanix readers who annually buy \$50,000,000 worth of home, workshop, sports and pleasure supplies. It pays to consider them in any advertising or marketing plans of national scope!

Color, now \$1.60 per page per 1,000. Black and white, \$1.30 per 1,000. Based on ABC circulation.

*Publisher's Statement, First Six Months, 1937, 250,000 ABC Circulation Guaranteed

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HOBBIES and INVENTIONS

MODERN MECHANIX
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1501 Broadway, New York • 360 N. Michigan Ave., Chicago • 536 S. Hill St., Los Angeles • 1014 Russ Building, San Francisco • Walton Building, Atlanta, Ga. • Detroit, General Motors Building



ANOTHER TRAILER USER—and one of the biggest—is Bowes "Seal Fast" Corp., of Indianapolis, which has a fleet of 50 to display its line of garage service equipment "right before the dealer's eyes."

door. Long drop cords which can be plugged into home electric outlets are utilized to operate demonstrations that require more juice than a car or battery can supply.

A big user in this category is Easy Washing Machine Corp., Syracuse. It purchases trailers for resale to distributors and dealers. For this purpose 100 large trailers are operated in addition to between 500 and 600 smaller ones. A steady increase is anticipated. Philadelphia Gas Works Co. is one of the utilities which have adopted the trailer method of getting over a consumer message. Walker Electric Supply Co., Terre Haute, has been finding a trailer especially useful and advantageous in selling its refrigerators and radios to small town citizens and farmers.

Definite and very significant figures regarding sales are supplied by City Ice & Fuel Co., Cleveland, which runs 11 trailers. Of 369 refrigerators sold by a single division during one month, one-third was reported to have been aided by trailer activity and 60 were found to have been the direct result of the canvass undertaken by the trailers.

A Rolling Laboratory

An unusual use of trailers is described by B. F. Drakenfeld & Co., New York, makers of color oxides. It has a trailer which is a rolling laboratory. Every porcelain enamel plant east of the Mississippi will be visited and aided in working out color problems.

The coach employed by this concern is fitted with a spray booth, furnace, grinding mills, balances, testing equipment, base oxides, etc. Here the entire enameling process, from weighing the ingredients to final firing, will be performed.

Mad Over Ship Shift

Pacific Coast business men want U.S. to prevent withdrawal of luxury liners.

ANGRY Pacific Coast business interests are demanding a conference in Washington Oct. 28 in the hope that they can prevent the withdrawal of the six "luxury" liners, which, within the last two weeks, it has been reported are to be withdrawn from the long-established New York to San Francisco run because the new merchant marine program discontinues their large government subsidy.

According to preliminary announcements (BW—Oct 9 '37, p24), the three luxury liners of the Panama Pacific Line, a subsidiary of International Mercantile Marine, are to be withdrawn and placed in the New York to East Coast of South America run, and the Grace Line's three "Santa boats," the *Rosa*, *Elena*, and *Paula*, may be withdrawn and placed in a new Caribbean service.

The Maritime Commission has roused the ire of Coast business groups who see in it the possible loss of the lucrative "luxury" tourist trade amounting to millions annually which these liners bring to California, and a serious loss of prestige to the ports of San Francisco and Los Angeles. Then, there is the world's fair scheduled for 1939 in San Francisco. The attractions of a trip by water to the exposition via the Panama Canal had been counted on to lure East Coast visitors westward.

Various explanations for the sudden diversion fever are going the rounds; they include excessive tolls at the Panama Canal, and prolonged labor trouble on the Pacific Coast with attendant "loss

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The TREND of Industry is NOW TO MASSACHUSETTS!

PIONEER INDUSTRIAL STATE

HERE'S THE PROOF — *More than four hundred industrial plants were established in Massachusetts within recent months.*

HERE ARE THE REASONS — Ample skilled labor honestly anxious to work. Manufacturers are assailed with no greedy State or local taxation. Efficient transportation of every kind and great markets are at your very door. Here is the nation's most stable banking structure. Here, the cost of living is normal — ideal manufacturing sites available at reasonable cost — operating power for every industry everywhere available. . . . *Whatever your product, you can make it better, distribute it more easily and more profitably by*



manufacturing in Massachusetts.

Massachusetts, birthplace of American industry, is and always has been manufacturing-minded. Nature, industrial growth and legislation have combined to center here all the most favorable conditions for profitable manufacturing. Massachusetts respects industry and thoroughly understands its importance.

Decide today that you, too, want to know more about this trend of industry to Massachusetts. A presentation of provable facts entitled: "Industrial Advantages of Massachusetts" will answer your questions. Write for it NOW!

THE MASSACHUSETTS DEVELOPMENT & INDUSTRIAL COMMISSION, *State House, Boston, Mass.*

IT IS PROFITABLE TO PRODUCE IN MASSACHUSETTS



IT'S SMART To "Go Douglas"



Passage aboard a Douglas Airliner is an interlude of delightful social contacts. Cultured women prize Douglas luxury... it's the fastidious way to travel. Next time business or pleasure takes you away from home, be smart... make reservations on any major airline and "go Douglas".

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SOUTH AMERICA: Pan American Grace Airways • AUSTRALIA: Australian National Airways, Pty. Ltd.
EUROPE: OELAG, Austria... Deutsche Lufthansa, Germany... K.L.M., Netherlands... L.A.P.E., Spain... Avio
Linee Italiane, Italy... LOT, Poland... C.L.S., Czechoslovakia... Swissair, Switzerland... A.B. Aerotransport, Sweden
ORIENT: Japan Air Transport... China National Aviation Corporation... K.N.I.L.M. in Netherlands Indies

"GO DOUGLAS"



WHEREVER YOU TRAVEL

of travel and high-pay freight. (Thousands of tons of silk goods and other high-price merchandise that formerly moved by water are now going by rail because of uncertain marine labor.) Observers believe these are important factors but that President Roosevelt's desire to strengthen bonds of trade and friendship with South America are the real cause.

Advantages of Move

The three Panama Pacific ships are beauties. They cost nearly \$20,000,000 each and carry 650 passengers and 10,000 tons of freight. The company would have plenty to gain by switching them to the new South American trade. First, it would please Mr. Roosevelt. Second, it would become eligible for direct subsidy, and would also save more than \$500,000 a year in Panama Canal tolls (it costs \$11,500 to ease one of those ships through the canal one way, \$23,000 for a round trip).

Subsidy, however, is the important item. The Panama Pacific ships have been drawing half a million a year subsidy on the old, intercoastal run (mail route No. 32, New York to Havana), but under the new Merchant Marine Act all that is eliminated Nov. 1, and there's to be no more subsidy for intercoastal ships.

A Different Situation

The Grace picture is somewhat different. It has been rumored along Pacific Coast waterfronts for years that the "Santa boats" are a liability, so far as making money on their own is concerned. They cost \$5,000,000 each and carry only 185 first class and 60 steerage passengers and only 3,500 tons of freight. And they're expensive to operate.

In the past these ships have drawn \$1,035,424 a year in subsidies. When they lose the subsidy Nov. 1, there won't be much incentive left to keep them running between New York and San Francisco. By diverting them to the Caribbean and northern South America, however, they can come into the magic circle of subsidy again. Purchase recently of the Red "D" Line, now operating from New York to the West Indies and South America, provides the Grace organization with a ready made route, and one that pays a subsidy.

Good Chance for Switch

There have been rumors for a long time that W. R. Grace & Co. wanted to get the "Santa ships" out of the intercoastal run into a really profitable service but has dreaded the outburst of protests from Pacific Coast business. This appears to be their chance to do the job gracefully. If they do withdraw, they probably will put on a shuttle service between San Francisco and the Canal Zone.

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Trucks Sweep On to Sales High

Breaking 1929 record, companies plan hard fight to do equally well next season. New models will be displayed at New York and Newark shows.

DETROIT (Business Week Bureau)—Sweeping ahead this year to an all-time sales high, motor truck makers are preparing for the 1938 season with strong hopes of repeating the '37 record or coming close to it. A few companies, like Autocar, have already announced their new lines. Others, such as Chevrolet, will reveal '38 jobs at the New York show, Oct. 27. The big splurge of new truck introductions is likely to be at the fourth annual National Motor Truck Show at Newark, N. J., Nov. 6 to 12, when 50 truck and accessories companies will display their products.

Truck registrations in the first eight months of 1937 were over 460,000 units, compared with 439,442 in the same period a year ago (which was the previous high). It appears certain that truck production this year will top 900,000 units, as against 818,377 last year. The record has been held by 1929, when 826,817 units were built.

Sales Staffs Face Big Job

Truck sales executives aren't too optimistic about the final quarter and about next year. A boost in prices, probably ranging from 7 to 12%, is bound to tighten up the market a bit. Moreover, some companies figure that almost all the depression slack in replacement buying has been taken up and from now on only normal replacement volume can be expected. The sole added stimulus will be the widening of truck usage, and that is an uncertain factor. Thus sales staffs will have plenty of work cut out for them to equal the 1937 total.

Farmers have been near the top of the list as truck buyers. What is classified as "general trucking" has yielded much business too, while the food industry has supplied large orders. Building construction has been responsible for sizable truck purchases, but lately this source hasn't been so good because construction work has dropped off. Schools, churches, and hospitals bought a whale of a lot of commercial vehicles last year, and consequently this year their buying hasn't been so hot. Department stores have furnished considerable business, but right now seem to be jittery about the outlook and have clamped down somewhat on truck orders.

Heavy-duty trucks proportionately have made the best gains the past year, partly because times have been good and because some business has been diverted to the heavier trucks from the lighter field where strikes interfered seriously with production early in the year. Incidentally, strikes were responsible for

much business going by default to independent makers from the big fellows.

Despite the increased demand for heavy-duty trucks, that type has not returned to the position held for many years and probably never will, because lighter trucks are hauling heavier loads than ever before and the use of tractor-trailer combinations has made severe inroads on the heavy-duty truck business. Probably the best spur to heavy-duty truck sales has come from wide adoption of cab-over-engine models which give more payload, are easier to maneuver, and are more economical to operate than longer wheelbase trucks.

Companies Add Models

Makers who heretofore have specialized in the heavier truck models have been busy the past year expanding their lines. General Motors Truck is an outstanding example, having almost doubled its sales by offering light-duty types. Autocar a year ago brought out two medium-duty models and last spring announced two light models. Lately it has added two short-wheelbase models. White's increase in truck registrations is partly explained by the success of its new light, low-priced model. Mack's improved position comes mainly from sales of Mack Junior trucks.

Many truck companies have made excellent records this year. Diamond T is far ahead of its '36 record, while International is comfortably in advance of its last year's volume. Reo, now exclusively in the truck field, has done well. Studebaker has been breaking records all year in its truck division. Dodge, despite the handicap of a prolonged strike in the first quarter, may yet set an all-time high this year. Chevrolet truck sales have been at peak levels for the late summer months. Ford is in first place in volume for the industry, well ahead of its total in the corresponding period of 1936.

Diesel Trucks Produced

Diesel-engined models are coming to the front in the heavier types of trucks. Diamond T is the first maker to go into diesel-truck manufacture on a production basis. In August Studebaker announced a diesel truck recommended for high-speed heavy hauling at low fuel cost. Autocar has shipped a number of diesel trucks this year to the Pacific Coast, where diesel-powered trucks are especially popular for long distance hauling of heavy loads.

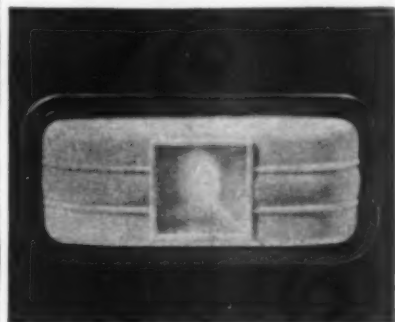
The industry freely predicts a sharp increase in diesel truck sales in the next

Beetle



NON-SHATTERABLE REFLECTORS FILL LONG-FELT NEED

Progress in lighting took a jump when it was discovered that translucent Beetle* was an ideal reflector material. Beetle reflectors are non-shatterable, lighter in weight, and cost less—yet meet the highest standards of lighting efficiency. Illustrated here is one of the Chase Brass & Copper Company's special line molded of Beetle for office and residential use.



SAFER LIGHTING FOR AUTO INTERIORS

Quick to see the advantages in Beetle's shatter-resistance and light weight, the automotive industry is using Beetle reflectors in increasing quantities. This bus dome light made by the Miller Co. shows that Beetle has excellent decorative value in addition to its remarkable safety features.

The lighting and automotive industries are just two that are benefiting by the use of this unusual material. A product of chemical research, it is adaptable to hundreds of other uses. Cyanamid's research facilities are at the disposal of manufacturers in adapting it to their special requirements. A technical booklet covering its many applications is available on request.

BEETLE PRODUCTS DIVISION OF AMERICAN CYANAMID COMPANY



50 West 50th Street • New York, N. Y.

*Trade-Mark of American Cyanamid Company applied to new products manufactured by it.

IT'S ALL COLOR AND IN ALL COLORS

★
Throughout the world
The Palmer House
is known as one of
America's really fine hotels



Air-Conditioned Rooms

All public rooms and a limited number of guest rooms are now healthfully air-conditioned the year 'round.

PALMER HOUSE

STATE STREET AT MONROE

Chicago

Edward T. Lawless
Manager

two years. General Motors is preparing to go after this market in a big way through its General Motors Truck Division which will be supplied engines by the new G.M. Diesel Engine Division at Detroit. The majority of truck makers turning out diesel jobs now buy the diesel motors outside.

Competition in light trucks promises to be tougher than ever the coming year. Plymouth is expanding its commercial car operations and is understood to have ambitions to become a real factor in the market. Nash has let the information leak out that it will reenter the truck field next spring, manufacturing its units at Kenosha, Wis. Willys-Overland has just introduced half-ton commercial cars equipped with heavy springs and rear axles for which unusual operating economies are claimed. Even American Ban-

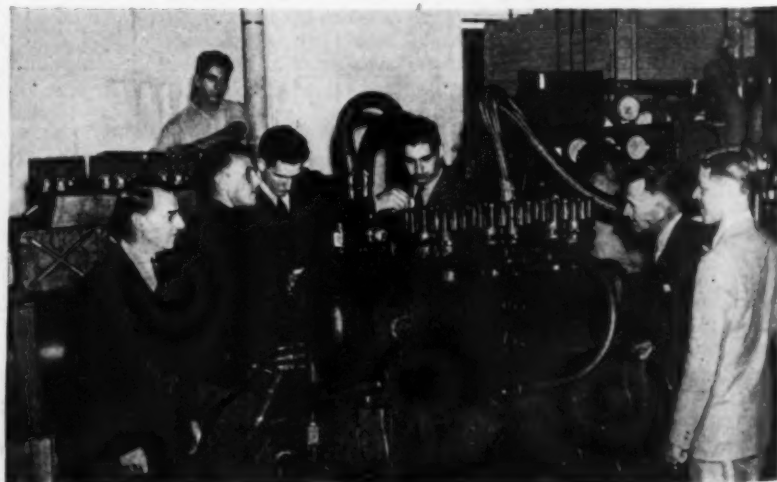
tam is out to get a share of the commercial car trade with a panel truck of quarter-ton capacity and a load-carrying space 36½x38x34 in.

Truck sales now are pretty well stabilized with sharp seasonal variations in demand eliminated. Except for about two months during changeovers, monthly sales usually stay within a range of 7% to 10% of the yearly total. No radical changes are expected for 1938. The trend is continuing to follow that in passenger cars, with comfort for the driver and with smart appearance and mechanical dependability paramount. Strong emphasis is being put on styling. Federal Truck, for example, will have a new line of cars designed by Henry Dreyfus, designer of New York Central's streamlined Mercury.



Business Week

WESTINGHOUSE ESTABLISHES AIR CONDITIONING SCHOOL—Last week seventy key engineers from Westinghouse's air conditioning distributor organization began a four-weeks' post-graduate course in advanced principles of application at the company's special air conditioning school in East Springfield, Mass. The school is tuition-free, but the distributors themselves are footing the other costs of sending their best men "back to school." Aside from transportation and incidentals, expenses will probably average about \$100 per man for the 26 days. Rules are strict and quizzes frequent—which is the way Westinghouse figures to maintain a high calibre field organization in the face of recent predictions that five to seven thousand young air conditioning engineers will be needed in the industry every year during the next ten.

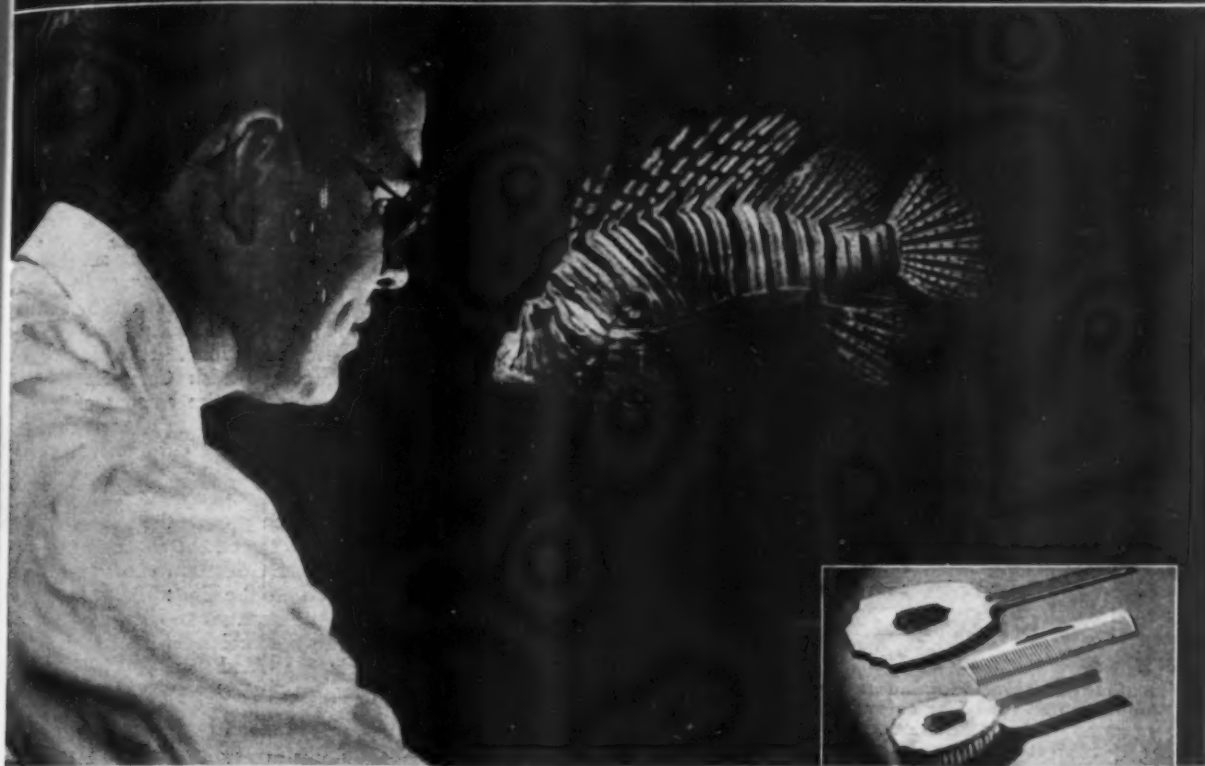


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How the chemist gets help from a FISH



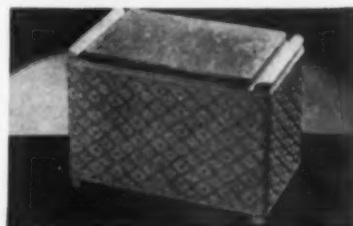
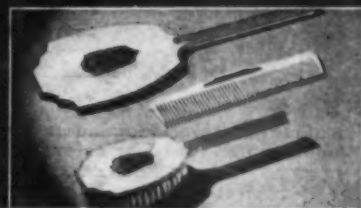
An amazing chapter in the story of Du Pont Plastics—about the "pearl" finish of your fountain pen, cutlery handles, optical frames, "Pyralin" toiletware and various musical instruments*

THE attractive "mother of pearl" finish you find on so many articles in daily use owes its existence to teamwork between Du Pont chemists and a lowly fish. The chemist removes a silvery deposit from fish scales and converts it into "pearl essence," and by a special process this essence is combined with certain chemical ingredients and becomes a brilliant and colorful pearl-like plastic.

All very quickly told here, to be sure. But back of this brief statement is a story of study and research by which Du Pont creates new materials to replace such age-old ones as pearl, bone,

rubber, ivory, wood, metal and glass. No one plastic can meet all the varied demands of industry today. Du Pont now offers six plastics, which you'll find described in a special panel lower on this page. And Du Pont research continues seeking and developing new plastics to meet new requirements.

Du Pont maintains a special technical advisory service to help manufacturers and designers adapt plastics to make their products better, more beautiful, more economical to produce. Why not make use of this service, which has already proved so helpful to many manufacturers? Address your



(above) One of Du Pont's plastics in a pearl-like finish was chosen by the manufacturers of these familiar products to help make them better and more beautiful.

inquiries to E. I. du Pont de Nemours & Co., Inc., Plastics Department, Industrial Division, Arlington, N. J.

AMONG DU PONT'S LINE OF PLASTICS ARE:

"Pyralin" cellulose nitrate plastic; "Plastacele" cellulose acetate plastic; "Lucite" methyl methacrylate resin; "Phenalin" cast phenolic resin. These four plastics are available in sheets, rods and tubes. For injection and pressure molding, there are: "Plastacele" cellulose ac-

tate molding powder and "Lucite" methyl methacrylate molding powder.

*"Plastics" are man-made chemical combinations of nature's raw materials. Solid at ordinary temperatures, they become soft and pliable when heated. Molded under pressure, they take and retain desired shapes. They are sold in the form of sheets, rods, tubes and molding powder.



PLASTICS



**"... for 50 years, son,
our firm's insurance has cost us 1/5th less"**

A small group of New England manufacturers founded American Mutual, back in 1887, with the purpose of reducing their costs of liability insurance and to share in the savings they made. Now American Mutual has grown to *thousands* of employers, spread all over America... yet never has a policyholder failed to receive a yearly cash dividend, reducing his insurance costs by one-fifth or more.

Our fiftieth year in business has seen the total of consecutive dividend payments to policyholders pass beyond \$54,000,000, an enviable record of uninterrupted earnings rarely equalled in American business history. It has seen more industrial plants turning to safety, under the guidance of American Mutual, as a means of increasing production efficiency and lowering insurance costs. It has seen an uncountable fortune in manual skill and years of experience saved for men and employers through our specialized medical service.

To employers who can visualize how workmen's compensation insurance can be more than protection—indeed, a means to increased profit—we offer a booklet whose title suggests the profits that can often be made: "How Twelve Companies Saved More Than A Million Dollars". Address Dept. 31, American Mutual Liability Insurance Company, Boston, Mass.



Admitted Assets: \$29,786,487.87 Liabilities: \$24,777,652.84
Surplus to Policyholders: \$5,008,835.03 As of Dec. 31, 1936

Savings on automobile insurance, fidelity bonds and other lines have been 20% or more each year—even greater savings on fire insurance, written by our associate, Allied American Mutual Fire Insurance Company.

1887 — FIFTIETH ANNIVERSARY — 1937

American Mutual

gives a "3-profit" opportunity

BRANCHES IN 54 OF THE COUNTRY'S PRINCIPAL CITIES

U.S. Lumber Loss

British Columbia gains export business at expense of Oregon and Washington.

BRITISH COLUMBIA appears to be capturing the lumber export business of the Pacific Northwest. Oregon and Washington formerly shipped four times as much lumber to foreign ports as the province. Of late, the situation is reversed and the two states handle only two-fifths as much as the province.

Lumber industry spokesmen blame mill strikes, port tie-ups, and other labor difficulties, including wage increases. Four tie-ups in three years are charged with hitting the industry so hard that export markets have been fading.

A survey just completed by the Pacific Lumber Inspection Bureau shows that, in August, British Columbia shipped 60% of the entire amount of lumber exported from the Pacific Northwest. The province sent out 106,250,497 bd. ft. of the 177,200,989 ft. shipped from the area to foreign points. Oregon and Washington divided the remainder.

To cap the climax for American producers, the Canadians sent twice as much lumber into the United States in August as in the same month last year. In 1936, British Columbia sold the United States, including Alaska, 6,538,637 ft.; this year, 13,431,349 ft.

Rural Power Lines

Far Western utilities plan to build 2,500 miles in '38, serving 22,000 farms.

FAR WESTERN utilities are going in strong for rural electrification, opening new territories for themselves and for manufacturers of home appliances and electric farm equipment. During 1938 they will tap a potential market of \$11,000,000 by building 2,500 miles of lines to serve 22,000 farms in 11 states with expenditures close to \$8,000,000.

Electric companies of the Far West have made an imposing record in the rural field in the last few years. A survey by *Electrical West* shows that, since 1936, 24 major utilities have built 5,283 miles of rural line at a cost of \$15,389,754, extended service to 48,489 farms, opened up a potential market for appliances and equipment of \$26,244,500.

The Rural Electrification Administration has entered the Far Western picture. In 1936, one REA project involving 75 miles of line costing \$89,750 and serving 420 customers was completed. Right now, REA projects under construction or for which bids have been called total 1,708 miles of line costing \$1,986,200, to serve 6,112 customers. Projects for which loan contracts have been executed or allotments made total \$3,705,000.

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Only **DELMONICO'S**
served Strawberries in JANUARY

STRAWBERRIES in January! In the nineties! Only tony restaurants like old Delmonico's could afford to serve them.

In those days, food trains were few and slow; trucks were horse drawn; refrigeration was costly, inefficient; and the science of low-temperature insulation was still in its infancy.

Today, long food trains rocket across the continent at passenger-express speed—fleets of motor-drawn food trucks speed across half a dozen states in a single night.

And whether en route, or resting in storage warehouses, perishable foods are kept farm-fresh by modern refrigeration.

And by "modern refrigeration" is meant not just *making* the cold air—but *sealing it in*. To do the latter job for them, leading transportation companies, brewers, meat packers, fruit, vegetable and dairy product warehouses, ice and ice-cream makers use Johns-Manville low-temperature insulations.

Perfectured through 30 years of research, they work well and cheaply. Play a big part in bringing perishable foods to your

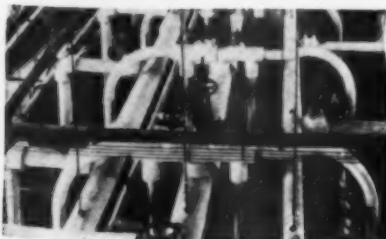
table fresh and delicious, in season and out. And at the same time, help food men keep refrigeration costs *low*.

But J-M insulations (there are more than 40 of them, covering every temperature requirement) do many another big job. They help keep homes comfortable, for example, despite outside temperatures. And by checking heat losses in industrial plants of every description, they save American industry over 250 million dollars annually. Johns-Manville, 22 East 40th Street, New York.

JOHNS-MANVILLE

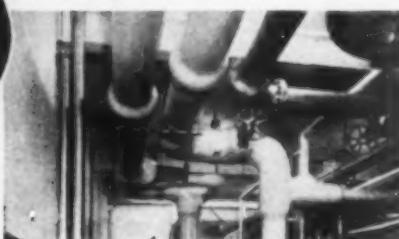


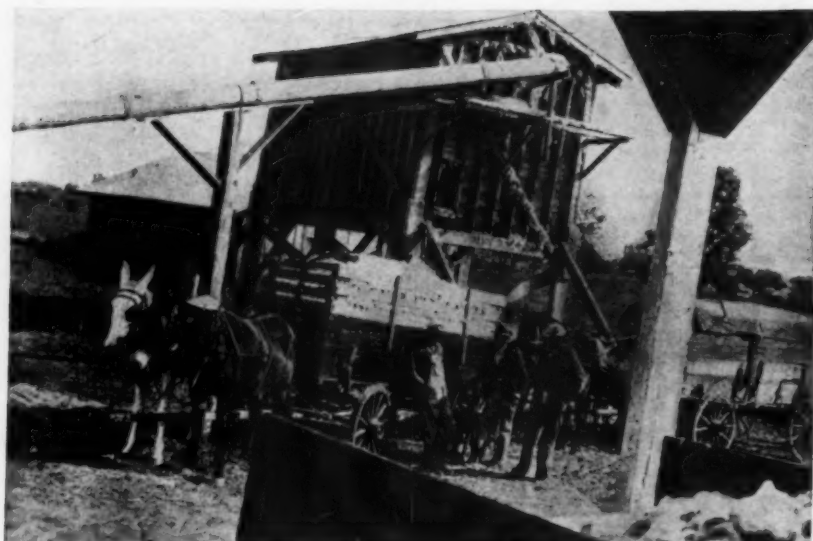
The more heat that gains access to cold piping, the bigger the refrigeration bill will be. That's why so many of the leading cold-storage warehouses cover their refrigerating lines with permanently efficient J-M Rock Cork Insulation.



For walls, floors and ceilings of cold-storage rooms, J-M Rock Cork Sheet Insulation. Moisture-resistant, rotproof, this mineral insulation retains its high insulating efficiency indefinitely.

Johns-Manville makes insulations for every temperature condition from 400° F. below zero to 3000° F. above. Here industrial steam lines are protected against costly heat losses by J-M high-temperature insulations.





LINED UP AT THE COTTON GIN—There's many a scene like this below the Mason and Dixon line as the South takes the second largest cotton crop on record to be ginned for market. In the picture, three Negro sharecroppers and their two weary mules wait their turn at a Blytheville, Arkansas, gin.

Huge World Crop Jolts Cotton

Sec. Wallace offers middle-of-the-road plan as American production is second largest in history, and prices lose 50% in six months.

COTTON prices—below 8¢ for the first time since 1933—are barely half as high as they were six months ago. The harassment of the second largest American crop on record, a new peak for foreign production, declining mill activity in this country, restrictions imposed by the Japanese government on Nippon's importations, and Washington's complicated and unpopular cotton-loan program have cotton planters writhing.

Meanwhile Sec. Wallace is urging what is widely described as a middle-of-the-road policy for cotton. He opposes complete removal of crop restraints in order to sell twice as much cotton at half the price per pound; yet he abandons the idea of small crops at high prices believing that this policy would cripple the United States in the world markets. He wants domestically consumed cotton to bring enough (with federal benefits included) so that exports can go abroad in volume at the world price.

But the new cotton program waits on Congress. To guard against overproduction, it probably will include production "goals" (BW—Sep 25 '37, p 46), as well as punitive curbs if the "ever-normal" warehouse bulges; and it is likely to revive the processing tax. The program won't go into effect until next year, at the earliest, and the price woes are here now.

Biggest problem right now is the size of the crop. The United States on Oct. 1 seemed to have the second largest crop on record—17,573,000 bales—according to the Department of Agriculture. The all-time record was 17,977,000 in 1926. Most optimistic

Japan—Big Cotton Buyer But Our Share of the Market Is Slipping

Japan's takings of cotton from all producing countries totaled 4,451,450 bales in the 12 months ended Aug. 31, last, against 3,609,442 in the corresponding 1933-34 period. But the United States, which supplied 1,935,246 bales of cotton in 1933-34, sold Japan only 1,539,500 in the later—and more active—period. Japan's cotton imports (in thousands of bales—000 omitted) in recent years compare as follows:

Yrs. Ended	U. S.	India	All Other
Aug. 31			
1933-34.....	1,935	1,283	391
1934-35.....	1,454	1,623	305
1935-36.....	1,661	1,553	522
1936-37.....	1,540	1,987	925

Data: U. S. Department of Agriculture.

estimates on consumption run barely over 13,000,000 bales.

In the year ended July 31, 1937, domestic mills used just over 7,750,000 bales of American cotton, a new record. At the rate they are going now, they will fall pretty well under that figure in the current season. In the last crop year, foreign nations took only 5,289,000 bales of American cotton against a 1928-32 average of 7,560,000. Foreign mill activity, outside China and Japan, is holding up well, but our exports are running only very slightly ahead of last year.

To the prospective American production must be added a carryover of better than 6,000,000 bales—a total supply of American cotton exceeding 23,500,000 bales. Even if consumption

U. S. Gives Up Dominant Place in World Cotton Production

(Figures, from U. S. Department of Agriculture except as otherwise noted, represent production in thousands of bales—000 omitted.)

Yrs. Ended July 31	U. S.	India	Egypt	China	Brazil	U.S.S.R.	All Other	Total World
1920-21.....	13,429	3,013	1,251	1,883	476	58	990	21,100
1921-22.....	7,945	3,752	902	1,514	504	73	774	15,434
1922-23.....	9,755	4,245	1,391	2,318	553	55	945	19,262
1923-24.....	10,140	4,320	1,353	1,993	576	197	1,116	19,695
1924-25.....	13,630	5,095	1,507	2,178	793	453	1,274	24,930
1925-26.....	16,105	5,201	1,650	2,102	596	782	1,495	27,931
1926-27.....	17,978	4,205	1,586	1,742	492	830	1,584	28,417
1927-28.....	12,956	4,990	1,261	1,875	507	1,096	1,346	24,031
1928-29.....	14,477	4,838	1,672	2,466	447	1,174	1,689	26,763
1929-30.....	14,825	4,387	1,768	2,116	583	1,279	1,715	26,671
1930-31.....	13,932	4,373	1,715	2,457	458	1,589	1,597	26,121
1931-32.....	17,095	3,353	1,323	1,785	575	1,843	1,620	27,594
1932-33.....	13,001	3,898	1,028	2,261	455	1,816	1,479	23,938
1933-34.....	13,047	4,241	1,777	2,726	1,011	1,887	1,880	26,569
1934-35.....	9,636	4,065	1,566	3,125	1,324	1,738	2,168	23,622
1935-36.....	10,638	4,793	1,750	2,500	1,743	2,250	2,718	26,392
1936-37.....	12,399	5,605	1,863	3,700	1,700	3,250	2,292	30,809
1937-38.....	17,573*	5,350†	2,263‡	4,200‡	2,100‡	3,400‡	2,687‡	37,573‡

* U. S. Department of Agriculture estimate as of Oct. 1, 1937.

† Preliminary estimates by the New York Cotton Exchange Service.

‡ Combination of Department of Agriculture's estimate of American cotton and Cotton Exchange Service's prediction for foreign production.

BILLING

DATE CUSTOMER NO. SALES CITY ST. QUA. SALES AGENT CREDIT UNIT PRICE

THE NATIONAL MANUFACTURING CO.
702 BROADWAY
NEW YORK, N. Y.

INVOICE NO. 1890

SOLD TO THE WESTERN SALES CO
5567 GRANTWOOD ST
METROPOLIS INDIANA

CUSTOMER'S ORDER NO. 8149

HOW SHIPPED EXPRESS COLLECT

QUANTITY	DESCRIPTION	DATE SHIPPED	UNIT PRICE	INVOICE DATE	AMOUNT
3	CONVERTER ASSEMBLY CPT	9/15/37	225	9/16/37	675
20	RETAINER WASHERS		10		200
9	BRACKETS		45		405
4	RETAINERS		20		80
2	TIGHTNER ARMS		25		50
6	TIGHTNER ARMS		10		60
100	GEARS		75		7500
1	CHAIN		3		3
	FT BUSHINGS		37		37
			12		12
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*Even the descriptions on this bill
were printed automatically from punched cards"*

REPORTS and records, complete in every detail, are prepared automatically by International Electric Bookkeeping and Accounting Machines from punched cards.

In the billing procedure, for example, amounts are automatically computed and descriptions automatically printed. Many of the operations involved in this procedure can be performed well in advance. This often leaves little more than the printing of the bill to be accomplished at the time of billing. Neither manual nor key posting is required. Accuracy, too, is assured because the totals are bound to be in agreement with the original records from which the cards are punched.

The automatic action of International Electric Bookkeeping and Accounting Machines is bringing efficiency and greater speed to such important functions as Sales Analysis, Payroll and Labor Accounting,

Social Security Accounting, Inventory, and many others.

Your nearest International representative will be pleased to demonstrate how and why the punched card method will bring closer executive control to the management of your business. Call him today. No obligation.

See the demonstration of International Electric Bookkeeping and Accounting Machines at the National Business Show, Port of New York Authority Building, New York, N. Y. October 18th to 23rd.

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He Speaks English!

Labor in Louisville doesn't require foremen who speak half a dozen different languages. Our workers are *Americans* (97.1% native-born). They talk and think American. They play fair with fair-minded employers. . . This, and such favorable conditions as nearness to raw materials, easily available markets (49% of the Nation's population within a 500-mile radius), economical transportation and low-cost power, have drawn many outstanding industries to this law-abiding community. . . The Louisville Industrial Foundation, an endowed, 21-year-old, non-profit organization, will furnish you in straightforward, unbiased terms, specific *facts* about Louisville as a desirable location for plant or branch plant—facts of importance to industry in general and of special significance to manufacturers of wood, metal, chemical, glass, clay, tobacco, textile and food products. . . *Louisville Industrial Foundation, 4050 Columbia Building, Louisville, Kentucky.*

LOUISVILLE

KENTUCKY



Small—But Thriving These Areas Are Encouraging Cotton Production (Figures in Bales)

1926-30	Argentina	Peru	Mexico	Turkey	Uganda	Anglo-Egyptian Sudan
Average.....	115,392	245,705	252,805	93,938	131,257	125,547
1933-34.....	200,000	278,000	260,000	128,000	239,000	135,000
1934-35.....	295,000	345,000	223,000	162,000	212,000	227,000
1935-36.....	373,000	393,000	251,000	186,000	272,000	210,000
1936-37.....	148,000	374,000	361,000	157,000	276,000	268,000
1937-38.....	500,000†	409,000†	*	*	345,000	*

* Not available.

† Preliminary estimates by New York Cotton Exchange Service; other figures from U. S. Department of Agriculture.

hits 13,000,000, there will be a carry-over Aug. 1 of about 10,500,000 bales.

On top of that, foreign production this year apparently will soar to 20,000,000 bales against last year's all-time record of 18,400,000 and 11,846,000 in 1929. Foreign carryover at the start of the season was about 7,000,000 bales which, added to this year's production, means a supply of 27,000,000.

Add American supplies of 23,500,000 bales to foreign supplies of 27,000,000 and it is clear that the mills of the world have stocks over 50,000,000 bales to draw upon, whereas total world consumption last year was a little bit short of 31,000,000 bales. That prospect of a world surplus running to almost 20,000,000 bales is the basic reason for the present low price.

Steadily expanding foreign production also has driven home the lesson that export markets are lost whenever a nation maintains an artificially high domestic price. The United States has held the umbrella over prices; foreign areas like Brazil, Uganda, Argentina, and Anglo-Egyptian Sudan have been increasing output rapidly (see table on this page). Larger foreign producers have been stepping up output at a slower pace, but substantially (see table, page 46).

Meanwhile, foreign mills which could buy abroad more cheaply or more satisfactorily than in this country have been changing their machinery to use cotton from other areas. Germany and Italy are conspicuous examples; Japan has been turning more and more to India under a trade agreement. And where spindles are replaced, it will be a long struggle for American cotton to regain lost ground.

The superabundance of cotton is having its repercussions in the markets for fats and oils as well as in the price of cotton itself. Production of cotton oil in this country will be large in proportion to the 17,573,000-bale crop. Lard stocks this year have been heavy due to last winter's big pig slaughter. This summer the situation began to clear up, but the cotton oil prospects now are dragging down prices of fats and oils.

Plan Rayon Labeling

FTC's proposed rules are approved in principle, but details are debated.

WASHINGTON (*Business Week Bureau*)—For centuries they've said, "It's all wool," when it wasn't. In recent years they've fibbed, "It's pure silk." At last the law is going to stop it.

This week examiners at the Federal Trade Commission are pondering with satisfaction the testimony at last week's and previous hearings on proposed rules requiring identification of rayon in textile products from yarn to retail counter. Conscious of the increasingly strong consumer demand for accurate and informative labeling of fabrics and impressed by FTC actions against leading department stores (*BW*—Mar 27 '37, p 41), rayon people—producers, cutting and knitting trades, and dealers—all want rules. Gyps object, but not for the record.

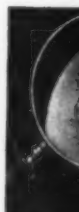
Even Experts Can Be Fooled

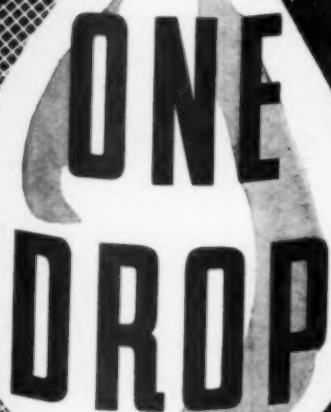
Pioneers in the development of rayon tried to offer it as a new product of science. But price promoters sold it as a "substitute." As the art of cellulose fabrication improved, some goods were woven with deceptive intent to pass as silk—recently as wool. Rayon was artfully mixed with other fibers to simulate more expensive fabrics, so that no layman can tell silk from rayon, especially in mixtures. Most fabrics experts can do no better. Even the witness from R. H. Macy & Co.'s "bureau of standards" said his staff could not always tell the difference. The rayon people and the whole gamut of textile trade want to move out of the shadow of deception. FTC wants to protect honest business and the public.

The commission's proposed rules would prohibit the false representation or display for sale of fibers or goods containing all or part rayon. But leaders in the industry object that since the presence of rayon is necessarily known only to the spinner, it would be unfair to hold garment makers and sellers respon-

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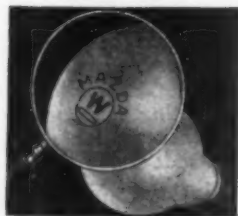
of moisture can ruin
100,000 LAMPS!

Exacting care in making Westinghouse Mazda **Lamps . . . means MORE LIGHT—LONGER**

It takes only 1/100,000 of a drop of water inside a lamp to blacken it—a single drop can cut the efficiency of one hundred thousand lamps! No wonder, then, that Westinghouse takes unusual precautions to guard against moisture—the gas pumped into every bulb is processed to remove every trace of it, and the

glass bulb itself is heat-treated to drive out whatever small amount of moisture there might be on its surface.

These elaborate precautions—and hundreds of others—make Westinghouse Mazda Lamps the most economical sources of electric light you can buy—because they give you more light—longer.



Over 480 tests and inspections of materials and processes go into the making of every Westinghouse Mazda Lamp. If any one of these tests or inspections were omitted, the quality of the lamp might be impaired. When you see the Westinghouse trade-mark on a Mazda lamp, you know that it is the best lamp science and engineering skill can make.

HOW TO JUDGE A LAMP

Lamps differ in quality. Inefficient lamps waste current and increase the cost of light. Our free booklet, "How to Judge a Lamp", tells the important points to consider when buying lamps. Send for it today. Westinghouse Lamp Div., Westinghouse Elec. & Mfg. Co., 150 Broadway, New York, N. Y.

Westinghouse makes no compromise with quality



Westinghouse

**MAZDA
LAMPS**

IF YOU'VE EVER HAD PATENT LITIGATION...

● We do not have to tell you what it's like. You may have introduced a new product on the market. Then some company sued—saying it infringed upon a patent they owned. Your sales stopped then and there. Customers who had bought became frightened. Your salesmen were idle. Your own time—which should have been devoted to operating your business—was taken up with getting out of a bad situation. Months dragged by . . . court delays . . . mounting legal expenses . . . worry . . . grief . . . losses. This sort of thing has actually wrecked many businesses.

But had you come to us for protection against loss from patent litigation here's what would have happened: We would have investigated your product—through independent patent counsel mutually agreed upon. If we found your product *legally safe* to manufacture we would have issued a contract which would have given you *guaranteed protection* against losses to any amount you wanted. You would have been protected against loss from litigation expenses, decrees, judgments and awards—against you and your customers!

Sounds simple, doesn't it?—and it is. And our fees are surprisingly low. Inquiries from business men, manufacturers and distributors are most cordially solicited.

NATIONAL PATENT CORPORATION

ESTABLISHED 1926



Oldest and Largest Organization in the United States Offering Protection Against Patent Litigation

135 S. La Salle St., Chicago • 90 West St., New York
1150 Griswold Street, Detroit

FOR SALE

Industrial Properties

Subsidiary Companies of UNITED STATES STEEL CORPORATION are selling surplus industrial properties. These are located in or near Pittsburgh, Chicago, Birmingham, Duluth, Detroit, Cleveland, Boston, New York, Los Angeles, Portland (Oregon), and several other industrial centers.

- If your expansion program contemplates additional sites for manufacturing and distribution, this offering merits your investigation.

Address: A. C. WILBY, care of

UNITED STATES STEEL CORPORATION
SUBSIDIARIES

208 South La Salle Street, Chicago, Illinois

sible for a truth which no previous handler is compelled to give them. Several of the witnesses suggested initial labeling by spinners, then by weavers; cutters and knitters could then certify to garment sellers. They objected also to labeling goods all the way to the counter, because it would be expensive, and in some cases would appear messy. Some products, combining various materials, would be cluttered with several labels. The industry seemed to agree that FTC should first establish regulations for thread and yarn makers, then rule for succeeding branches step by step. How rules could be formulated to cover imports was not clear.

It is agreed all around that unless truth-in-fabric rules are set up by the commission, congress will pass a long-threatened law, which necessarily would be inflexible and would work hardship on many lines of the industry. Rayon is being acted upon first because the volume and the abuses are extensive. Other textiles will be regulated in turn.

Ready Laundry Drive

Owners hear market survey report outlining past errors and present necessities for new advertising drive.

INSTEAD of participating in the scheduled battle royal over a proposed national cooperative advertising campaign laundryowners who trekked to Cleveland last week to their annual show ended up singing "For Auld Lang Syne."

Proponents of national advertising strategically refused either to fight or to argue their cause; instead they introduced representatives of Batten, Barton, Durstine & Osborn, advertising agency, who talked for two hours, rapid-fire and in relays, and told the assembled laundryowners more startling facts about laundry service—who buys it and why—than many of them had learned in a lifetime.

B.B.D.O. was on the program to explain a laundry market survey, conducted by the firm during the past twelve months, and to assure the delegates that no national advertising was contemplated (1) until the laundry industry sets up a marketing structure, simplifying the nomenclature for its various services and standardizing methods of pricing, and (2) until a 13-week test campaign, now being considered for either northern or southern Ohio, is completed.

The market survey suggested one reason for the failure of the laundry industry's earlier attempt at national cooperative advertising in 1927-31. At that time as well as today one of the most popular of laundry services, damp wash with flatwork ironed, was being sold in Chicago as Hydro, in Cincinnati

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Underwood & Underwood

AT BUSINESS SHOW—One of the 1,500 exhibits of modern office equipment to be shown next week at the National Business Show in New York's Commerce Hall is this non-kinkable wire for desk telephones. Recently introduced (*BW*—Jun 5 '37, p. 39) the "Extensicord" has the conductors wrapped around an elastic core in such a way that the completed cord will extend to twice its normal length and return without kinking.

as Thrifty, in Kansas City as Damp Wash (which name is naturally confused with straight wet wash), and under a score more of names in various parts of the country. If necessary, new names for services will be coined, easily understood by the consumers.

It was pointed out to the laundry-owners that while practically all their advertising in the past has been directed at the prestige group (over \$2000 annual income), the most important market, actually and potentially, is the wage earner group, for 70% of the household washing machines sold last year through GMAC financing were to homes without telephones. Three-quarters of present laundry customers think that their bills are too high, and about 90% of those housewives owning washing machines have no idea what it costs them to wash

at home, nor do they know about the cost of competitive (damp wash) laundry service. Main conclusion was that damp wash is the best bet to merchandise.

Delegates to the convention formally approved the change of name from Laundryowners National Association to American Institute of Laundering. O. L. Roach, Danville, Va., will be first head of the newly named association.

Evidence of the trend of the laundry industry toward diversification was seen in manufacturers' exhibits consisting of many dry cleaning systems, furriers' systems of fur cleaning, fur storage vaults and fumigation systems, rug cleaning, and hat renovating machinery.

Fashion note: nine out of ten laundry-owners wore soft collar attached shirts—the same kind of shirts which were upon their introduction not so long ago, soundly condemned by the laundry industry because of the probable effect on the volume of starched collars. A laundryowner who dared wear a collar attached shirt at that time was looked upon as a traitor. Today, although the starched collar is no longer considered important, laundries are enjoying the greatest shirt volume in history.

Over Radio Ad Hurdle

Small local advertisers buy time on a big-name program that's syndicated for them.

THE small local advertiser has a tough hurdle to take when he tries to use radio as an advertising medium. His budget's hardly big enough for him to buy time on a large station, or to buy top-notch talent for his show. And he gets plenty of competition from the big shows with their big names on the big networks.

Last summer the Redfield-Johnstone advertising agency, of New York, thought up a scheme whereby the small advertiser might have just as good a chance to gain attention on the air as any big advertiser—and cheaply, too. What they did was to sign up a couple of big names, take time on a big network, and start sending salesmen out to syndicate the program to local advertisers.

The first syndicated radio program went on the air last Sunday, over the Mutual Broadcasting System, at 6 p.m. New York time. Called "Thirty Minutes from Hollywood," it will run for 26 weeks, featuring George Jessel, comedian, and his wife, Norma Talmadge. There will be jokes by Mr. Jessel, music by Tommy Tucker's orchestra, interviews with Hollywood stylists by Miss Talmadge, and a guest star thrown in for good measure every week.

The show has 40 sponsors now. With 72 stations available on the Mutual network, that means there's room for 30 more. Crawford Clothes have the New York outlet, the Hyde Park Brewers



Best Sellers Ride East via Erie

● Succulent vegetables, fresh meats, creamy dairy products, juicy ripe fruits... tons of perishable foods speed east over the Erie in refrigerator cars.

Green lights send the trains roaring down the main line. It's "clear-block" all the way, and every man on his toes, when perishable shipments leave western terminals.

Fast freight handling methods and modern refrigerating equipment combine with speed to set a better table for eastern housewives, to set a higher profit for shippers, wholesalers and retailers.

That's why the Erie is such a vital factor in the movement of all perishables to eastern markets.

But whatever you ship, Erie will give you the same dependable service, bring you closer to your market, cut your shipping costs. Call an Erie agent and let him show you how.

*Travel
the Scenic Erie*
... between New York, Binghamton,
Elmira, Buffalo, Chautauque Lake,
Youngstown, Cleveland, Akron, Chicago
AIR-CONDITIONED TRAINS
EXCELLENT MEALS • FINEST
SERVICE • LOWEST FARES





PARADOXICAL as it may sound, the Durez mouthpiece on the Ediphone will last indefinitely without showing signs of wear. Knocks and careless handling can never harm the finish because it's an actual part of the piece.



DE LUXE packages without de luxe cost—that's the reason so many manufacturers are switching to Durez. The new Dermalure cream jars are a standout example of the beautiful styling, rich color and "quality" appearance secured by using Durez.



MIRROR surface is only one advantage of Durez bell boxes. Using Durez eliminates seven production operations...the boxes come out of the molding press formed and finished, complete even to the shiny surface.



MILLIONS of rayon dresses are born in Durez spinning buckets. In addition to being unaffected by the chemicals used, Durez buckets are light in weight, stainproof...and show the effects of wear less than metal.

For further information about Durez, the hot-press phenolic plastic, and copies of free monthly "Durez News," write General Plastics Inc., 1110 Walck Road, North Tonawanda, New York.

DUREZ PLASTICS

have St. Louis, a furniture company has Providence, etc. Each sponsor gets an exclusive outlet in his area, and pays for the time and talent costs according to the size of his sales area. At that rate, the program's cost per advertiser runs all the way from \$50 to something over \$1,000.

The program, which comes from New York, allows 30 seconds at the beginning, 30 at the end, and 1½ minutes

in the middle for each local sponsor to get in his commercial plug.

It isn't unlike the Associated Banks program, which ran last year over the Columbia Broadcasting System, was sponsored by local banks, and featured Leopold Stokowski and the Philadelphia Symphony. Probably it's the first chance the small business man has had to come in on a long-term big-time program right on the same level with the big-shots.

New Products—New processes, new designs; new applications of old materials and ideas.

NOTICES from various tung oil importers agree that the Chinese-Japanese War is proving an almost insuperable bar to getting China wood oil out of its native land. It will be hard for the paint manufacturers to substitute other vegetable oils in their varnishes and enamels without sacrificing hardness and water resistance and drying speed. Jones-Dabney Co., Louisville, is finding another way out of the difficulty with its resin, "Syn-tex H-4." Cooked with linseed oil and a Bakelite resin, it is said to produce enamel vehicles comparable to China wood oil varnishes, at nominal costs.

It appears that one can expect almost anything in the way of tradition breaking when one considers that Coast Fishing Co., Wilmington, Calif., is discarding flat, squarish sardine cans in favor of tall round cans. Not content with wrecking one tradition, the packer guillotines each little fish before packing him.

ONE of the drawbacks to continuous movie projectors for display use at point of sale has been the cost of 35 and 16 millimeter film, and another the cost of the projector itself. Universal Camera Corp., 32 W. 23rd St., New York, is getting out a new "Univex" continuous 8-mm. projector which will run a three-minute sales film on a translucent screen and repeat as long as desired. Robot control attached to the inside of a store window is available. With this, any passerby can start the projector by pressing on the glass; when he walks away the projector will stop automatically.

MANY manufacturers and retailers, who have wanted to use luminescent and efflorescent displays in exposition exhibits and display windows, have been balked by the difficulty of securing a reliable "black light" source. It has been simple enough to collect efflorescent minerals or to paint displays with luminescent coatings, but it has been hard to make them glow in brilliant flashing colors without going into unduly complicated

electrical arrangements. Now, however, Science Laboratories, Inc., Cincinnati, is getting out the "Sperti Black Lamp 200" which will plug into any 110-volt, 60-cycle circuit, and will operate in extreme heat or cold. The lamp reaches maximum efficiency in 15 seconds.

FOR some while past, Goodyear Tire & Rubber Co., Akron, has been furnishing its dealers with an unusually potent selling tool in its counter cord tester. Technique consists of a demonstrator's threading the device with two cords, one competitive and the other Goodyear "Supertwist," and turning a handcrank until one or both cords breaks at an indicated degree of stress. Demonstration has proved so successful a sales clincher that a portable tester is now being



mounted right inside a portfolio for 600 traveling salesmen. By designing the unit in zinc alloy die castings so that all nine component parts can be cast in finished form at one shot, the cost of the "testing laboratory in a brief case" is being materially reduced.

WHEN one sees the 73 x 19-in. Lucky Strike signs on American Tobacco Co. trucks or glimpses the huge emblems on engine tenders as North Western trains go rushing by, one may have a hard time appreciating that they were applied by substantially the same method used in applying decalcomania transfers to one's

BUSINESS

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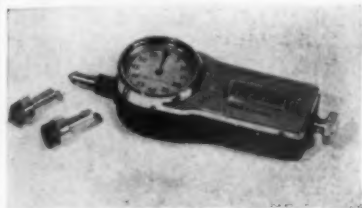
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hands and Easter eggs in boyhood. Decalcomanias have been used for years in decorating truck bodies, but they differed from the boyhood kind in that they usually involved the use of a special adhesive cement and a protective coat of varnish or lacquer after application. Rayner-Consolidated Decalcomania Corp., 184-10 Jamaica Ave., Jamaica, N. Y., is manufacturing "Durochrome" transfers out of substantially the same synthetic enamel materials used in the majority of modern truck finishes. Only water is required to apply them, the transfer cement and protective overcoat having been incorporated in the transfers themselves.

A NEW edition of the "Probator" combines stop watch and revolution counter to make a two-man job into a one-hand operation. As imported by Montgomery & Co., 129 Crosby St., New York, the



Business Week

counter and stop watch start simultaneously when the business end of the instrument is pressed against the end of a revolving shaft. When pressure is relieved, both counter and watch can be read at a glance. Watch is rewound and counter is reset to zero with one turn of a milled knob.

Costs of Price-Fixing

Macy's analyzes burden on consumer. Finds it's concentrated in few lines.

IN an "analysis of the increase in consumer costs directly traceable to legalized 'price-freezing'" during the month of September, R. H. Macy & Co., New York department store which is the arch-enemy of price-fixing legislation, this week reported that major price-fixing is still largely confined to a comparatively few manufacturers in the cosmetic, drug, liquor and publishing fields. However, just recently 12 radio manufacturers, three electric refrigerator makers, and several other electric appliance manufacturers issued fair-trade contracts in New York.

Add to Price-Fixed Group

In September, though, according to Macy's report, 74 trade-marked articles were added to the price-fixed group—30 miscellaneous manufactured specialties, five liquor, seven cosmetics, seven trade-marked patent medicine products, and 25 books. Even at that, 99% of



INDECISION

UP in the air? Have you just about given up hope of finding in one material a combination of properties to match your specifications? Why not try *Synthane* Bakelite-laminated? Try *Synthane*, for unlike materials which have only a few advantages, *Synthane* possesses a combination of many desirable properties—physical, mechanical, electrical and chemical which can be altered to suit your individual needs. It is a uniformly

dense, solid material. Tough, strong, light in weight. It is one of the most effective electrical insulators; chemically inert, corrosion resistant. Easily machined by standard shop methods. The uses for *Synthane* are legion. We strongly urge you to learn about the versatility of *Synthane*. Send for our not-too-technical booklet telling what *Synthane* is and where and how to use it. *Synthane* Corporation, River Road, Oaks, Pennsylvania.

THIS HAS IT▶
Main drive pinions for great Marion Shovels are *Synthane*, because *SYNTHANE* is non-metallic, quiet, absorbs shocks, has high impact strength and long life.

SYNTHANE

Bakelite — laminated

SHEETS · RODS · TUBES · FABRICATED PARTS · SILENT STABILIZED GEAR MATERIAL

the articles on sale at Macy's are still "price-free," whether they're national or private brands.

To prove that "the consumer pays the bill" for price-fixing, Macy's offers the fact that, by Sept. 30, 567 patent medicines in the store cost 15.6% more than they did before price-fixing. In addition, Macy's reports, there were 173 liquors up 12.1%, 734 books up 17.7%.

On price-fixed cosmetics, says Macy's, the retail consumer pays, over and above the retailer's cost, 66.1% of that cost. On drugs, it's 57%, on liquor 55%, on miscellaneous specialties 67.2%, on price-fixed books 70.6%.

And what the consumer's doing about it, according to Macy's, is this: he's finding out which are the price-fixed articles, then asking for their counterparts, which are "price-free."

Philip Morris Adds 50% Capacity

Successfully cracking a tough field, it rushes its Richmond plant toward completion. Sales are up one-half in first six months of year.

IN Richmond, Va., there is a \$700,000 plant which is being rapidly rushed to completion. What with one construction delay and another, it may be three months yet till the plant is ready for operation, but when that day comes, it is going to be an important date for the tobacco industry.

This \$700,000 plant is more important than the cost would indicate. It represents a 50% increase in the production facilities of Philip Morris & Co., Ltd. and Inc., and it is evidence of Morris' success in cracking the toughest possible field in America, which nobody has

cracked since P. Lorillard introduced its Old Gold brand a decade ago and made it stick in the face of intense advertising competition from the big three leaders.

This month, as Philip Morris tots up the figures for the first six months of the 1937 fiscal year, sales are running 50% better than they were in the same period a year ago. (And last year Philip Morris sold 5,600,000,000 cigarettes, 40% more than in 1935, and the biggest gain registered in the whole field.) Earnings are up again as well. Earnings were \$6.88 a share for 1936, against \$5.80 in 1935.

The Philip Morris English Blend

cigarette was first introduced in January, 1933. In 1934 the company chalked up the biggest profit in its history—\$500,000. In 1935 that figure was tripled. In 1936 it hit \$2,500,000, in 1937, \$3,600,000.

Of course Philip Morris is nothing for the big three cigarette manufacturers to chew their finger-nails over—yet. While it sold its six billion cigarettes in 1936, Camels sold 47 billion, Lucky Strikes 39, Chesterfields 37. (Old Gold, however, was looking to its laurels as number four brand. Its 1936 sales were only 7 billion, and, while Philip Morris was claiming 50% gains this fall, Old Gold admitted its first big contest had brought gains of only 30%). And with the advertising budgets of the big three hovering around the \$10,000,000 mark, Philip Morris' new high in advertising expense is buttons—\$1,500,000.

Price Policy Helps

All of which makes the growth of Philip Morris even more remarkable.

From the start Philip Morris has sold for 15¢, and its wholesale price has been \$6.85 a thousand, while the big four have hopped from \$5.50 to \$6.10, then to the present \$6.25. The standard price (Philip Morris is the only leading cigarette manufacturer who has fixed prices under the Feld-Crawford Act in New York State) and the ample profit margin which it allows have consequently made Philip Morris dear to the heart of the dealer, which is one good reason for the healthy condition of the company at the present time.

Philip Morris' canny advertising has done its share. With a budget one-tenth as big as any in the big three, it has concentrated on radio. There, it might be able to put on as good a show as its wealthy competitors, even if it couldn't match them in newspapers and magazines. And with the aid of Johnny Roventini, the dwarf bell-hop who was picked up in the Hotel New Yorker and is now on the cigarette payroll for life, Philip Morris proceeded to do it. Currently there are two radio programs—one on NBC Tuesday nights, with Johnny, Russ Morgan's orchestra, a swing chorus, a feature known as the thrill of the week; the other, a dramatic program, on CBS Saturday nights. With Johnny Roventini's shrill "Call for Philip Morris" fixed in the nation's ear, Philip Morris will work in a magazine campaign again this fall, as well as small newspaper ads, to keep the nation conscious in those media as well.

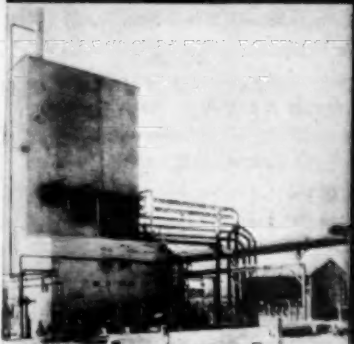
Selling to the Doctors

Further, there's been Philip Morris' smart exploitation of its hygroscopic agent. A hygroscopic agent is used in cigarettes to keep them from drying up. Usually it's glycerine. In Philip Morris it's diethylene glycol, for which scientific tests are cited to show that it's a

KOPPERS

DESIGNERS · BUILDERS · PRODUCERS · MANUFACTURERS

DISTRIBUTORS · OPERATORS



KOPPERS DIVISIONS, SUBSIDIARIES AND AFFILIATES

- American Hammered Piston Ring Division
- Bartlett Hayward Division
- Boston Tow Boat Company
- Eastern Gas and Fuel Associates
- Engineering and Construction Division
- Gas and Coke Division
- The Koppers Coal Company
- Koppers-Rheolaveur Company
- The Maryland Drydock Company
- Mystic Iron Works
- Mystic Steamship Company
- National Lumber & Creosoting Company
- New England Coal & Coke Company
- Tar and Chemical Division
- Western Gas Division
- The White Tar Company of New Jersey, Inc.
- The Wood Preserving Corporation

FIRST GAS PURIFICATION PLANT TO USE NEW PATENTED KOPPERS PHENOLATE PROCESS

—Erected by the Koppers Company, Engineering and Construction Division, this plant began operations in August, 1936, for the Standard Oil Company of California at El Segundo, producing as a final product, large quantities of sulphuric acid from formerly wasted materials. The first plant of this type in the East is operated by the Atlantic Refining Company's Philadelphia Refinery; it was designed to recover 95 per cent of the hydrogen sulfide from 22,000,000 cubic feet of refinery still gases a day, at 225 pounds pressure.

KOPPERS COMPANY
ENGINEERING AND CONSTRUCTION DIVISION
Pittsburgh, Pa.

The Early

Statement

Gets the cash!



LET Underwood Elliott Fisher Accounting Machines speed your statements into the mail-bags right on time for prompt first-of-the-month delivery. Give your accounts first chance at debtors' check books. The early statement usually gets the cash!

Early statements are a by-product of Underwood Elliott Fisher machine accounting. In many organizations statements are built up day by day by the same key strokes that post sales records, customers' ledgers, control sheets and any special

low each key stroke of the operator's fingers to do multiple duty.

No matter what your accounting problem may be let Underwood Elliott Fisher work out its solution with your own accounting organization. Underwood Elliott Fisher

machines will do a complete accounting job . . . maintain your books in daily balance, keep up-to-the-minute figure facts constantly on tap and produce all the payroll records required by the Federal Social Security Act in one operation—in general give you a better, more economical accounting job.

Telephone our nearest Branch or write for full particulars today.

Accounting Machine Division, UNDERWOOD ELLIOTT FISHER COMPANY
Accounting Machines...Typewriters...Adding Machines...Carbon Paper, Ribbons and other Supplies • One Park Avenue, New York, N. Y. • Sales and Service Everywhere
UNDERWOOD ELLIOTT FISHER SPEEDS THE WORLD'S BUSINESS



Underwood Elliott Fisher makes three complete lines of accounting machines with a wide variety of models in each. Prices are as low as \$700. Every machine is backed by nationwide, company-owned service facilities.

Underwood

ELLIOTT FISHER ACCOUNTING MACHINES



Elliott Fisher model with the exclusive flat writing surface in general use in hundreds of industries

Aetna Life Leads in number of group policies in force!



**All Forms of
Group Insurance
Life • Accident
Sickness • Pension**

Through our trained Group Representatives we are equipped to analyze your employee's social problems and recommend the proper plan for your organization.

AETNA LIFE INSURANCE COMPANY
Founded in 1850 Hartford, Connecticut
COAST-TO-COAST CLAIM SERVICE

HOW TO WIN SALES and INFLUENCE PROSPECTS

**Told in FREE
Book!**



Methods Used by 5000 Firms

● This informative book tells how more than 5000 firms have used Autopoint pencils to strengthen goodwill and increase sales. Gives proved sales plans! Explains why Autopoint is the better pencil for sales promotion. Nationally advertised retail value. Continues for years to benefit the giver because its simple sturdy mechanism *always works*. Has only two moving parts. Also famous Grip-Tite Tip that never lets lead wobble or drop out. Write today for samples and free book, "The Human Side of Sales Strategy."

Autopoint
The Better Pencil

Autopoint Company, Dept. BW-10, 1801 Foster Avenue
Chicago, Ill.

better hygroscopic agent than glycerine and causes less throat irritation. Philip Morris runs copy in medical journals to tell about this. The general public hears nothing about diethylene glycol, but Philip Morris still assiduously sells to the nation's doctors and in that way figures it's indirectly selling the doctor's patients, too.

In the rise of Philip Morris, the Bond Street tobacco which the company bought out last October cannot be ignored. Bond Street, still not caught up with its demand, has just started to advertise. In recent years, too, there's been the added boost Philip Morris has gotten from being sold in vending machines along with the big three. And, finally, there's the fact that the retail price advances of other brands have narrowed the split between them and Philip Morris.

Ross to Bonneville

Founder of Seattle's municipal electric system resigns SEC post to head Northwest power project.

A BIG, quiet man, who has been an ardent public ownership advocate for close to 35 years, has been named by President Roosevelt to head the federal government's big Bonneville Dam project. He is James Delmage Ross, electrical engineer, member of the Securities and Exchange Commission, and staunch supporter of the New Deal's "yardstick" electric rates.

Ross, who was practically mother and father to the Seattle municipal electric system for the 30 years from 1905 until he went to Washington, undertakes what many believe is a thankless job. Bonneville, with *beaucoup* kilowatts, is to supply a market which some critics call nonexistent and others class as problematical. The task to which he must set himself is finding—or creating—a market which four state and national surveys have located only in the vaguest way (BW—Mar 6 '37, p. 45).

There is no certainty that the public utility companies of the Northwest will find it easy to live with the new Bonneville chief; he will, with Washington's blessing, strive to create a gigantic public power pool around the Bonneville and Grand Coulee projects. But utility executives, as a group, would rather have him in the Northwest than sitting with the SEC.

The SEC, after the first of the year, will administer the famous "death sentence" in the Public Utility Act of 1935. The utility industry doesn't know who will replace Ross on the commission (or who will fill the vacancy left by James M. Landis' resignation), but it is pretty confident that new appointees won't be any less friendly to private ownership than Ross.



BONNEVILLE'S BOSS—An ardent advocate of public ownership of utilities is James Delmage Ross, Securities and Exchange Commissioner named by President Roosevelt to decide what will be done with the power generated by vast Bonneville Dam on the Columbia River.

Engineer Ross, in turn, was never happy with the SEC. He wanted to get back to his job in Seattle, and Seattle wanted him back. Approaching the age of 66, he wanted to get out of the silk-hat and boiled-shirt society of Washington and back to the Pacific Northwest where he had spent almost his entire active career.

It had been known for a year or more that he would leave Washington any time the President would accept his resignation. So, when the Roosevelt entourage got out in the Northwest, friends of the engineer placarded: "We want Ross." The President now has acceded.

With the Bonneville job filled, the two vacancies on the SEC will continue to focus considerable interest. Guessing is split as to whether the President will chose from inside or outside the commission. Two names of outsiders mentioned are Jerome N. Frank, lawyer, who has served with both the Interior and Agriculture departments, and Frank C. Shaughnessy, president of the San Francisco Stock Exchange.

U. S. Aids Easy Money

New financing plans of Treasury will increase excess reserves of member banks.

EASY money is still the keystone of Treasury and Federal Reserve policies. The new financing plans of the Treasury make this clear—not that Sec. Morgenthau, by refraining from new cash bor-

SHIPSHAPE

Periodically the crack liner goes into dry-dock. Her hull is inspected—scrapped and repainted perhaps—to make sure there is nothing to impede her speed, impair her seaworthiness, threaten her capacity for top-notch service.

So, too, is eternal vigilance the price of supremacy on the high seas of industry. Frequent review of operating facilities, methods and materials is important. For "something better" is always bobbing up—such as irons and steels of improved performance.

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rowings between Oct. 25 and Dec. 15, had any such ulterior intentions, but there's no getting away from the fact that the position of the banks will be made easier, not tighter, by the program.

In effect, the Treasury will be spending money it now has on deposit with Federal Reserve Banks or with member banks; and it will not be replenishing its cash balances by the weekly sale of Treasury bills. The result of that operation will be to increase modestly the excess reserves of member banks. Banks will not be forced to buy bills, thereby increasing Treasury deposits, thereby increasing required reserves.

Bills sold after Oct. 25 will only be in \$50,000,000 amounts weekly, will mature on the heavy tax date next Mar. 15, and will be employed to retire maturing bills. In other words no new money is involved. The purpose of lumping maturities on Mar. 15 is to eliminate the squeeze that usually takes place when there are heavy payments of taxes. As taxpayers draw checks to the account of the Collector of Internal Revenue, banks are drained of deposits. If, simultaneously, the Treasury pumps funds into the banks by paying off its obligations with the money received from taxes, the withdrawals are offset.

The middle of December now looms as the next big Treasury financing date. Some \$400,000,000 of bills fall due between the 16th and the 20th. Moreover, on Feb. 1, \$277,000,000 of 2½% notes mature. Mr. Morgenthau has been confining his heavy borrowings to quarterly dates, and on that basis he may anticipate the February requirements by borrowing enough in the open market in December to take care of the bills and the notes. That would call for a minimum of \$677,000,000.

And while he is at it, Sec. Morgenthau may decide to bundle all his needs together and make a billion dollar offering in order to rebuild Treasury balances at the time; for between now and Dec. 15, if gold continues to pour into the country, the Treasury's gold-purchasing policy will cut its deposits some \$300,000,000.

Banks are fairly well satisfied with the program. The plan to sell bills to mature Mar. 15 will ease the tax-date problem, and will afford them short maturities for investment portfolios. And banks do like the short terms.

Jar Customers' Men

Brokerage houses fire some, and SEC may come out with a hampering order.

ONE profession that hasn't seen the light of day since 1929 is the customers' man. The bear market in C.M.'s has been steady and relentless. Numerically, it was safe to sell customers' men short at

the peak of despite reco safe.

Retrenchme resulted in so the worst of change Com Don't be s other ruling not be all without app firm.

This wou would be s man. It w earlier actio Exchange, v ing a partne responsibility counts; in sl what the C over which granted. B partner wou all stocks t purchase or to buy or se customer.

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the peak of the boom of the '20s; despite recovery since, it still seems fairly safe.

Retrenchment in Wall Street has resulted in some dismissals. But that's not the worst of it. The Securities and Exchange Commission is on the hunt again. Don't be surprised if there's soon another ruling that customers' men may not be allowed to recommend securities without approval of a partner of the firm.

This would mean that all discretion would be stripped from the customers' man. It would follow in line with an earlier action of the New York Stock Exchange, which adopted a rule requiring a partner in a member firm to accept responsibility for all discretionary accounts; in short, the partner had to know what the C.M. was doing with accounts over which power of attorney was granted. By extending that a bit, the partner would be required to know about all stocks the C.M. recommended for purchase or sale—even though the order to buy or sell were given directly by the customer.

What Ruling Might Do

Such a ruling might result in reorientation of brokerage practice. It might cause brokers to draw up an approved list of stocks or bonds, outside of which customers' men might not go in making suggestions to clients.

Some firms already maintain pretty strict supervision over customers' men to be certain that they do not make flighty recommendations based on hunch or hearsay.

The theory of the SEC is that customers' men are not necessarily competent by training to give investment advice. If such a ruling goes through, the C.M. will be reduced essentially to the rank of an order taker. He will get a list of stocks from the partner in charge of customers' men, and his sole discretion will be the choice of customers to whom to make specific recommendations.

Many brokerage firms, recognizing the shortcomings of the customers' man method of advising clients, have entered the investment counsel business and do an active job supervising accounts and originating suggestions to buy and sell (BW—Jun 12 '37, p. 39). One of the latest recruits on an active scale is Jackson & Curtis, which has arranged to buy the statistical advice of Young Management Corp., an investment counsel organization. Jackson & Curtis does not charge its clients a fee.

Mackubin, Legg & Co., of Baltimore, which has an extensive research department, has been selling its services to other brokers for some time.

If firms on registered national securities exchanges are required to oversee recommendations of customers' men, it is possible that this practice of "whole-sale" advice may spread.

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Condensed Statement, September 30, 1937

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$ 511,167,649.45
U. S. Government Obligations	530,451,391.54
Public Securities	44,314,572.16
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities	18,907,978.25
Loans and Bills Purchased	679,155,536.17
Items in Transit with Foreign Branches	1,751,590.67
Credits Granted on Acceptances	24,948,866.18
Bank Buildings	13,323,347.87
Other Real Estate	466,524.64
Real Estate Bonds and Mortgages	3,074,802.61
Accrued Interest and Accounts Receivable	17,181,255.42
	\$1,852,543,514.96

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	10,657,925.52
	\$ 270,657,925.52
Dividend Payable October 1, 1937	2,700,000.00
Miscellaneous Accounts Payable, Accrued Interest, Taxes, etc.	19,257,869.96
Acceptances	\$43,766,995.63
Less: Own Acceptances	
Held for Investment	18,818,129.45
	24,948,866.18
Liability as Endorser on Acceptances and Foreign Bills	5,738,992.00
Agreements to Repurchase Securities Sold	1,109,523.00
Deposits	\$1,508,375,722.92
Outstanding Checks	19,754,615.38
	1,528,130,338.30
	\$1,852,543,514.96

Securities carried at \$42,401,978.52 in the above Statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

WILLIAM C. POTTER, Chairman

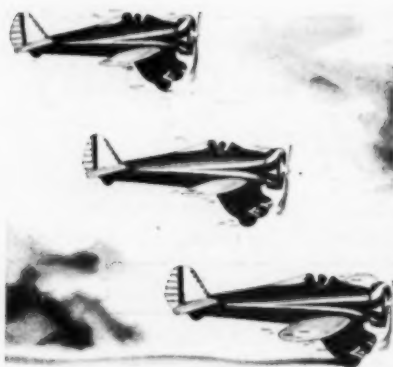
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Turning Point in Foreign Policy

Application of sanctions or embargo to Japan is unlikely, but President's stand indicates we'll join new international move to hold her to North China.

Has the United States a vigorous new foreign policy? Is it going to undertake an official boycott against Japan, as the aggressor in the Far Eastern conflict? Is the Neutrality Act dead?

These are the questions business men asked themselves after the President's Chicago speech on foreign affairs. They hoped, though they hardly expected, to hear the answers in the President's fire-side chat over the radio (page 13).

There was no specific answer, but it is significant that the dramatically delivered conclusion to the President's talk was devoted to foreign policy, and that it was keyed to these thoughts: "Aloofness from war is not promoted by unawareness of war. In a world of mutual suspicions, peace must be affirmatively reached for. It cannot just be wished for. It cannot just be waited for."

President Warns Aggressors

It is not generally expected that a new and more vigorous foreign policy will be introduced in the special session of Congress which has been called for Nov. 15. But the President has sounded a warning to the aggressor nations. In retrospect, it is likely to mark something of a turning point in United States foreign policy.

The pattern of the new international program is beginning to take shape. At Nyon, a few weeks ago, France and Great Britain issued an ultimatum to the "pirate" of the Mediterranean. Then came the invitation to Italy to participate in a conference on the withdrawal of volunteers from Spain. Mussolini refused the invitation, but politely, and rushed more crack troops to Franco.

Then came the Roosevelt speech in Chicago which, so far, only implies a stronger United States foreign policy, but which has already given Tokyo a bad case of the jitters, and given France and Britain the courage to take a firmer stand in Europe.

Nine-Power Conference Next

Next development is expected to be the nine-power conference, probably in Brussels and probably before the end of the month. What can it accomplish?

The nine-power treaty dates back to 1922, when the world was still trying to wipe up the mess left by the World War. Half a dozen treaties were concluded in Washington at that time, but the one immediately involved in the present situation had to do with China. Britain, France, Italy, and Japan, with the United States, had just come to terms on a naval pact and settled down to the

question of preserving their interests in China. Japan was holding, among other former German possessions in the Orient, the rich and populous province of Shantung.

Before the pact was completed, Belgium, the Netherlands, Portugal, with China, were called into the conference because all had interests in the Far East.

There were four main provisions in the agreement drawn up by these nine nations. They agreed (1) to respect the sovereignty, independence, territorial and administrative integrity of China; (2) to give China the opportunity to develop a stable government; (3) to maintain the principle of equal commercial and industrial opportunity of all nations in China; and (4) to refrain from taking advantage of conditions in China to seek special privileges.

The group has never convened since 1922, so there is no precedent by which they will do. But the agreement provides for nothing but a conference on any breach of the pact, and there is no reason to believe that the other eight members will unite to punish Japan for breaking the treaty. The most that can be expected from the meeting is that some basis for settling the controversy in the Far East can be worked out at Brussels, and that the concerted action of the seven signatory nations not involved in the conflict may stop Japan short of complete domination of China.

Will Economic Pressure Work?

Can a program of economic pressure end the conflict in the Far East?

Japan is one of the poorest of the great industrial nations from the point of view of raw materials. More than 40% of its iron and raw cotton, and 60% of its oil comes from the United States. This country, with the British, French, and Dutch empires, supplies Japan with two-thirds of its iron, 90% of its oil, 86% of its cotton, and 80% of its wool and rubber. Obviously an air-tight embargo on shipments to Japan could in a short time bring that country to terms.

There are several reasons to believe that no official embargo will be attempted. After the ineffective experience with sanctions in the case of Italy, none of the European nations is willing to attempt another economic embargo on an official basis. It is practically impossible to enforce an embargo on domestic shipments, and an attempt to blockade Japan would immediately lead to war.

A boycott is likely to be little more

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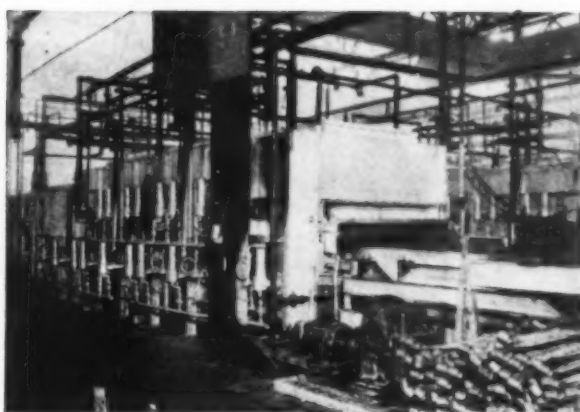
The booklet "Five Ways to Buy Equipment" describes this funding program and compares it with other available methods of financing equipment. A copy will be sent upon request.



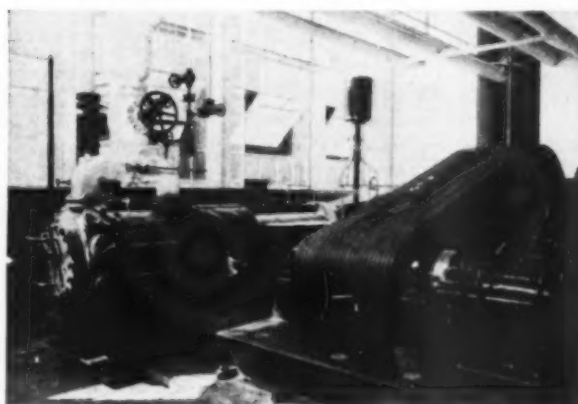
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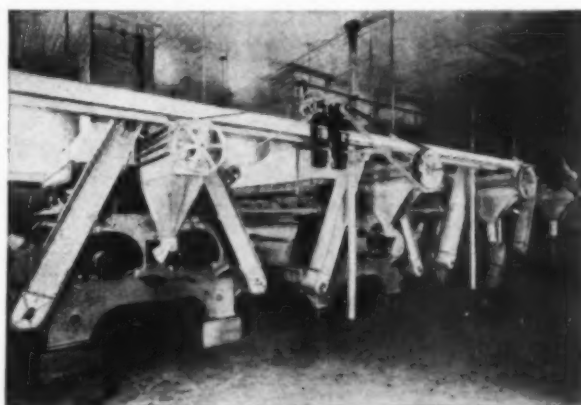
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A large middle-western brewing company purchased this compressor by using the C. I. T. Equipment Funding Plan. The charge for this service is the lowest generally available for similar financing.



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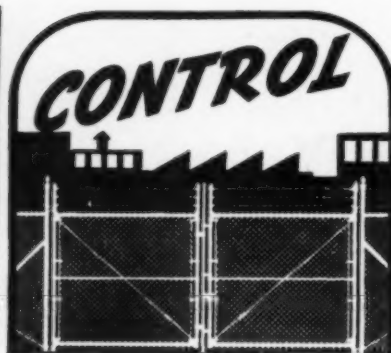
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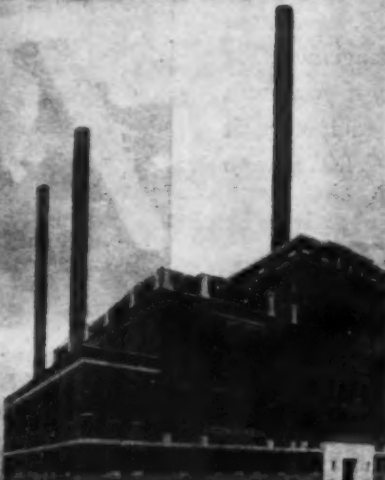
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effective. It has been unofficially tempted by the United States in the case of Germany and, though it has cut seriously into imports of a few German lines, there has been a net increase in imports of German goods in the last few years. The German foreign exchange restriction on imports of United States goods has had far more telling results.

Exporters' Opinions

Business Week has canvassed the opinion of a selected group of its readers particularly interested in the foreign trade aspect of the various proposals to place Japan under economic pressure. Almost without exception, these men expressed a doubt that any move for an official embargo would come from Washington, expected more vigorous pressure than can be exerted under the present Neutrality Act—but not immediately, explained that they were carrying on whatever business they still had with the Orient on a "cash and carry" basis.

There is no way of knowing exactly what is going to develop abroad, or what the United States intends to do to shape international policies. In view of developments in the major capitals during the last six months, and in the light of information reaching *Business Week* from its special contacts abroad, there is reason to believe that Washington and London are stiffening their policies more with the idea of freezing current requests rather than of bringing about a return to the 1930 status quo.

Effect in Far East

In the Far East, this would mean that Japan would be compelled to give up any idea of establishing an autonomous area around Shanghai. The loss to Japan of China's five northern provinces—as well as Manchukuo—would be tacitly admitted. In the Yangtze valley, the enormous investments of the British, Americans, French, and Germans would be protected. In this industrial heart of China, the Chinese would be allowed to carry out their recently successful program of unifying and industrializing their country. If, in the future, they could contest Japan's hold on the territories lost since 1931, it would not displease most of the rest of the world. Japan, in the meantime, would have her hands full developing the new region.

In Europe, Britain and France will be left to deal with Spain. They may tolerate a Franco victory if, when it is accomplished, Rome agrees to withdraw completely from all Spanish territory—and gets recognition of her Ethiopian empire. In this way faces will be saved all around. It's not a program of justice in the light of the treaties made in the last decade; it's just a policy of making the best of a bad situation which threatens to get continually worse if some much firmer stand is not taken.

Business Abroad

Japanese import restrictions become effective. United States makes new regulations covering tax on exported profits. Canada watches Hepburn's program for controlled labor conditions.

Stock markets abroad continued to be unsettled this week, but some commodities showed signs of having touched bottom. London still looks for forced liquidation in a few lines. The better political outlook in France has temporarily strengthened the franc. The German foreign trade outlook is clouded by the continued success of the United States' reciprocal trade program, from the benefits of which Germany is excluded. Japan's uninterrupted victories in North China suggest that Tokyo may be willing, if sufficiently pressed by the 9-power treaty signatories, to stop her southward drive at the Yellow river.

Great Britain

Outlook good in spite of bad market. Rome worries London.

LONDON (Cable)—Markets are still weak, but a rumor that at least a part of the commodity groups have touched bottom is widely accepted. Mussolini's refusal to attend a 3-power conference on Spain has undoubtedly disturbed an important section of the British public which is convinced that Britain and France must be firm in their dealings with Rome if they are to accomplish anything.

Time, on the other hand, works in Britain's favor for it allows the British to increase their strength, and presumably it adds to Italian embarrassment. Native uprisings in Ethiopia are a worry to Rome, and so is the possibility of a difference with Germany on Japan. There is some feeling here that Berlin is secretly helping China, where Germany surely has a larger trade stake than Japan.

The general outlook for business is still good, in spite of the unfavorable market. Early October reports indicate that some of the September slack is being taken up. Coast resorts report that they are doing a much better business than is usual at this time of year.

France

Election victories of moderates revives business confidence.

PARIS (Wireless)—The elections last Sunday have created a distinctly better tone in French business circles. The Communists have gained only one seat, which means that the moderate elements in France are making their influence felt. The franc is already stronger, and

further gains can be expected later in the week. There has even been talk of repatriation of French funds, but it is doubtful if this movement will make much headway until the government has proved that it will deal firmly with labor crises which are expected to develop in a number of industries during the winter.

Negotiations with Italy will continue, in spite of the unfavorable reply of Mussolini to the French and British invitation to attend a 3-power conference on Spain. France and Britain will move cautiously.

Negotiations started some time ago in Prague and Bucharest to strengthen French ties with Central Europe are continuing in Paris, this time with the Yugoslavs.

Soviet Union

Production recovers in post-purge drive. Output approaches Plan quotas.

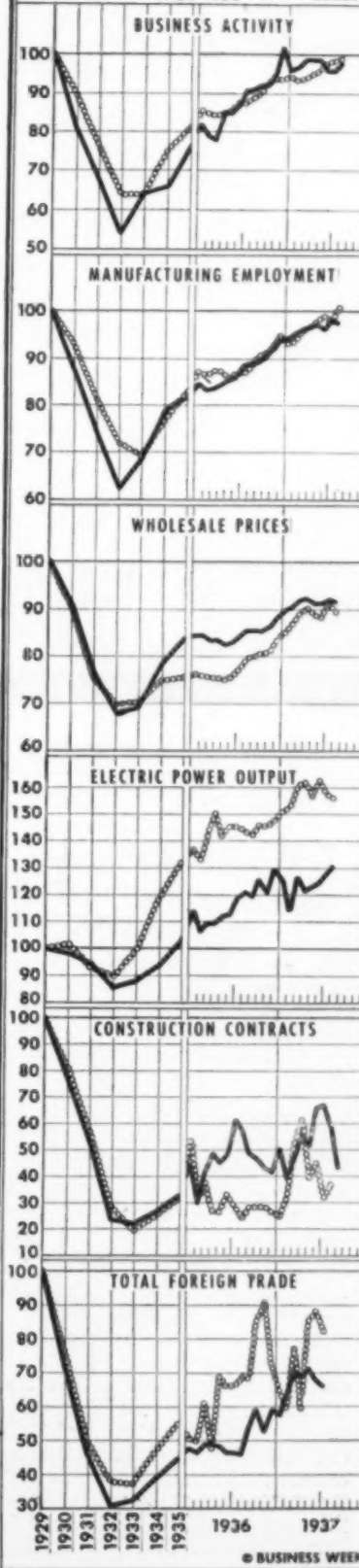
MOSCOW (Cable)—A few weeks ago, Soviet officials were smarting under the quips of foreign correspondents who reported to their home newspaper that "creeping paralysis in Soviet industry is seriously affecting the fulfillment of the second Five-Year Plan." Figures released on Oct. 10 show that industry is beginning to make up for the losses suffered during the purge.

Compared with Aug. 10, when disorganization due to the purge was at a peak, a sharp increase in output in key industries has taken place. While still 8% below its planned daily output, the metallurgical industry has boosted its output 15% since August. Automobile production now stands at levels prescribed in the Plan. The coal industry is also showing remarkable gains. Within a few weeks it is expected to overcome its present 12% lag behind planned output.

Whether or not industry will be able to make up all of the losses suffered this summer, output will approach the levels set for it and will

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Item	Output	
	1932	1937
Pig iron (millions of tons)	6.2	16.0
Steel	5.9	20.0
Coal	64.6	150.0
Automobiles (units)	25,000	195,000

Germany

Reich pushes self sufficiency program, resents Washington's trade "conquests."

BERLIN (Cable)—Business leaders gained some confidence from the quieter tone of European international affairs this week, but even the isolated Berlin Bourse is beginning to feel the psychological pressure from the decline in Wall Street and European market centers.

There is no letup in the program to make Germany self-sufficient as the best means of preparing for self defense. Government steel works, decreed for the districts where there is low grade ores which heretofore have not been exploited, are being rushed. Workers' settlements must be built with the plants, and one has already been completed.

Germany's "encirclement complex" has found fresh nourishment in the United States commercial policy. Disregarding specific political-economic causes preventing the conclusion of a satisfactory German-American trade agreement, the German press charges Washington with malicious designs to stymie German foreign trade, especially in Europe and South America.

Germany is automatically banned from all most-favored-nation concessions by being—with Australia—on Washington's "black list." A United States-Czechoslovakian trade pact will hit Germany seriously because Czechoslovakia produces so many lines of goods competing with Germany. It is alleged that the United States is favoring the Western democracies by trade advantages, while in South America it is planning on blocking German trade in Chile and Colombia as it has in Brazil.

Canada

Business continues to improve in spite of bad market. Hepburn's Ontario victory studied.

OTTAWA—Canadian business leaders survey the current stock market trend without finding it a barometric indication of business prospects. Their confidence in continued business improvement remains unshaken despite the "pause" which is more noticeable in the United States than in Canada. Dividends paid by Canadian companies this month

will approximate \$20,000,000, compared with \$16,000,000 in October last year. Several important companies are paying extra dividends. Dividend payments in 1937 are expected to reach an all-time high above \$300,000,000. The previous peak was \$284,000,000 in 1930; last year payments approximated \$260,000,000.

The Hepburn victory in last week's Ontario election is expected to produce certain politico-economic results reflecting directly and indirectly on Ontario industry and eventually on the general economic interest of the country. Stability in industrial labor conditions was an avowed aim of Premier Hepburn, and industrialists who supported his return to office expect it will result. Hepburn himself believes the assurance of controlled labor conditions will attract more American branch plants to the province.

Friends of Mr. Hepburn believe he has federal ambitions and that he may seek, in the next 18 months, to make his weight felt in Dominion affairs. On the other hand, his success is regarded as an incentive to activity by elements apprehensive of a fascist trend in Canadian politics. Proposals already are being made for an alliance between labor and agriculture for the purpose of counteracting alleged capitalist influence in government affairs. The implication is that some kind of nationalist party could be formed with the support of agriculture and labor having as its principal policy substantial reforms in the capitalist system.

Actually Hepburn's victory was due more to his very favorable government record and his superior campaigning ability than to any outstanding policy of provincial or federal significance.

Unemployment insurance for Ontario will be one of the major results of Hepburn's return to office. In the election campaign, he promised to introduce legislation next session providing for this. A federal unemployment insurance measure was passed in 1935 and subsequently held by the courts to be outside Dominion jurisdiction.

Election broadcasting will be subjected to further restriction before another election campaign takes place. Severe criticism has resulted from the extent to which broadcast facilities were monopolized by party campaigners for a month before Oct. 6. Canadian Broadcasting Corporation recognized the force of the criticism and had power to remedy the cause but to have done so would have brought it the enmity of private radio stations with which it desires cordial relations.

Long distance telephone business out of Montreal reached a new peak last month with nearly 9,000 calls in one day and Bell Telephone Co. of Canada is installing new toll traffic facilities. The Montreal-Toronto circuit, with a daily

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DICTAPHONE MAKES SALES *by invitation* WITH NEW SOUND FILM

Scene from "Two Salesmen in Search of an Order," sound-on-film movie produced for the Dictaphone Corporation by Caravel Films, Inc., New York City

Salesmen grudgingly let in for five minutes... or salesmen *invited in* to tell the complete story. What a difference! Yet Dictaphone men actually do get *invited in* with the new sound-on-film movie, "Two Salesmen in Search of an Order."

This excellent example of modern sales methods is used in various ways. It trains Dictaphone salesmen by contrasting effective with irritating methods, and by spotlighting the advantages of Dictaphone. Many requests come from sales executives for showings to their sales forces... and orders for Dictaphones result. The film sidesteps a prospect's hesitation about permitting an actual machine to be brought into his office... entertains him while it tells him more than the Dictaphone could tell about itself.

Results? They have exceeded optimistic expectations.

MAKE SURE OF THEATER-QUALITY REPRODUCTION

Theater sound clarity and picture brilliance are essential for best results from any sound movie. Solve that problem by using Filmosound projectors. Dicta-

Filmosound 138—a compact, convenient, single-case outfit for theater-quality sound-on-film presentation



phone, Libby-Owens-Ford, Squibb, Buick, Chrysler, Ford, General Motors, and hundreds of others make Filmosound presentation of industrial talkies an important part of their sales and sales training work.

ANY SALES STORY MORE EFFECTIVE

Engineering features given gripping interest... merchandising plans shown at work in dealers' stores... demonstrations impossible because of time, season, or distance made a living reality right in the prospect's office... these and many other tough problems are being solved by "talkies."

Give your sales force this "key" for getting in... this modern sales tool with which your most inexperienced man can make a perfect presentation, never forgetting or fumbling a point—a sound-on-film movie and Filmosound.

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This booklet for executives gives the complete story of modern industrial talkies—how they round out selling strategy, the manner in which a wide variety of companies use them, and how to go about making a sales-building film. Act—by mailing the coupon.

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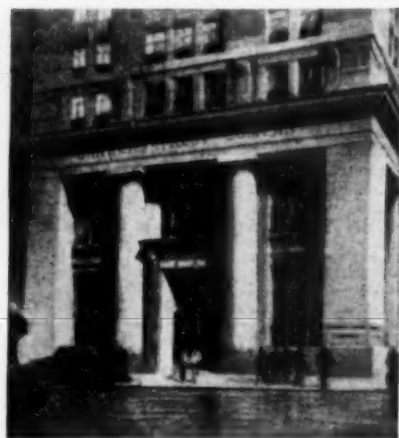
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average of approximately 1,200 calls, is among the busiest loops on the continent.

The cost of living index for September was 3% over last year and 9% over 1933, but the figure declined to 83.4 for September from 83.6 for August, with the food index dropping from 79.1 to 78.3 mainly owing to lower prices on vegetables and meats.

Far East

Boycott of Nippon really up to the women. Import restrictions hurt cotton, boost oil business.

THE outlook for business in the Far East is not bright, though some industries continue to receive large orders with adequate credit arrangements.

In Japan, this country's largest Oriental market, the future is clouded by the threat of a boycott in this country against Japanese goods, by the restrictions which Tokyo has imposed on all imports, and by the uncertainty of a Sino-Japanese settlement.

Talk of a boycott in the United States has developed rapidly since the President's Chicago speech, but there is small evidence that it will go much further than did the boycott of Nazi Germany. Major Japanese import is raw silk, shipments of which so far this year have been only 2% smaller than in 1936. Prices also are lower.

The hosiery industry absorbed 73% of all silk imports in July and August, which shows that the responsibility for carrying out an economic boycott of Japan rests with American women. The United States buys about 85% of Japan's silk exports, and these incoming shipments fill between 80% and 90% of all our needs. Balance of the incoming silk comes from China (which cannot meet delivery demands with any surety today), Italy and France.

The United States imported \$103,000,000 of silk last year. The inroads made by rayon, however, are evident when imports a few years ago are studied. In 1929, silk imports amounted to more than \$427,000,000, and the amount coming into the country each year between 1924-28 averaged nearly \$375,000,000. Japan has already suffered from the loss of a major market, and would not be humbled by any efforts here to cut off the remainder of this business.

Some consumer opposition has developed toward other Japanese goods—chain store novelties, textiles, and glassware. Buyers are placing new business cautiously and watching closely for further evidences of customer opposition to Japanese products. In the case of most novelty lines, Germany and Czechoslovakia have been Japan's main competitors, with Czechoslovakia getting a

Tax on Exported Profits

The United States levies a 10% tax on all dividends and profits paid abroad to non-resident individuals. But there is a special provision—affecting Canadians importantly—that aliens residing in contiguous countries will pay only a 5% tax.

A new convention has just been announced by the Treasury to cover cases where other foreigners have withdrawn their United States' profits through Canada in order to secure the lower (5%) rate.

An American corporation, for instance, may declare a dividend payable to A, a New York broker, who is the owner of record so far as the corporation is concerned. The New York broker in turn pays the dividend to B, a Canadian broker, who is the record owner so far as A is concerned. B then pays 50% of the dividend to C, a Canadian resident, and 50% to D, a resident of England. The 50% going to D is not entitled to the benefit of the Convention, namely the 5% rate. The question therefore is how the United States can be certain of obtaining the 10% tax on the 50% of the dividend going to D.

To stop this leak, Washington for a time considered withholding the full 10% tax until Canadian recipients of the exported funds proved their residence and collected a 5% refund. The plan actually adopted provides for the withholding of 5% on all payments to Canada. Duplicates of the withholding returns filed by the United States withholding agents are to be transmitted to the Canadian government which then requires every Canadian recipient of funds to file a special tax return. Brokers are forced to show to whom they have transmitted funds, and in cases where these recipients live outside Canada, to withhold another 5% of tax, which is then paid to the United States Treasury.

good deal of business which formerly went to Germany. Japan's new import restrictions must be in operation for a time before the United States can be certain what the effect will be on our trade (*BW—Oct 9 '37, p. 52*). The exclusion of all luxury imports will affect only a small volume of business, estimated by American authorities in Tokyo at not more than \$2,000,000.

Cotton imports will be smaller. A complete prohibition decreed in early September has been modified to allow imports up to Dec. 1 worth \$50,000,000 (about \$14,500,000). At current prices this would buy a little more than 350,000 bales. It was to be spent at the rate of \$10,000,000 in September, \$30,000,000 in October, and \$10,000,000 in November, but only two-thirds is avail-

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able for new cotton supplies. The balance is to be used for payment of outstanding accounts on cotton already purchased. Also, this quota is to cover all cotton imports in Japan, which means that the United States is not likely to get orders for more than 150,000 bales, which is considerably below the amount bought during this period last year.

On the other hand, Japan is placing unusually heavy orders for shipments of oil, and is likely to extend this business to other lines such as metals and machinery necessary for the munitions industries.

Japan's rayon industry is operating at capacity and new demands are likely to be placed on it. Wool imports are being curtailed and weavers are being forced to mix rayon in materials wherever possible to save both cotton and wool (BW—Sep18'37, p64).

Latin America

Brazil restrictions lifted. Argentine foreign trade in new shifts. New radio program will feature Latin America.

Brazilian exchange restrictions, imposed without explanation a week ago (BW—Oct9'37, p56), have been withdrawn again after being in force only four days.

In contrast with this apparently unfavorable financial picture, the Institute of International Finance (New York) has just completed a study of Brazilian finances and the foreign debt, which arrives at the conclusion that Rio de Janeiro is now in a position to increase the limited payments that it has been making on its foreign debt.

According to the survey, the Bank of Brazil acquired for its own purposes and those of the government \$77,700,000 in foreign exchange in 1935 and \$97,000,000 in 1936. Requirements for the payment of debt service charges and liquidation of commercial payments arrears totaled about \$45,000,000 in 1935 and \$56,000,000 in 1936 and will amount to \$57,000,000 in 1937.

Argentina's new president will take office in November and it is expected in Buenos Aires that a special session of congress will be called almost immediately to take up, among other things, the budget. Few government policies are expected to change under the new administration. Tax administration will be simplified; there will be new measures to develop some of the outlying regions of the country; more railroads may come under government control; cooperative activities by producers will be encouraged; and large expenditures for highways and public works will be continued, though budgets will be balanced.

The foreign trade breakdown

Eye Opener

for American Manufacturers selling in England



THE UNITED STATES has a population of 128,000,000. The "Saturday Evening Post" has 2,700,000 circulation. It reaches approximately one family in every ten.



ENGLAND has a population of 46,000,000. The "Radio Times" has 2,800,000 circulation. It reaches approximately one family in every four.

... an English magazine with three times the coverage of the Saturday Evening Post

Make sure the "Radio Times" is on your list

THE "RADIO TIMES" is the only publication in Great Britain allowed to print full details of British radio programmes one week in advance. It is published weekly by the British Broadcasting Corporation, which controls every radio broadcasting station throughout Great Britain. That is why the "Radio Times," which appeared for the first time only thirteen years ago, has today a guaranteed average net weekly sale of 2,800,000 copies.

The "Radio Times" selling at two pence a copy is read and re-read more thoroughly than any other publication. Each issue is studied day by day for a whole week whenever any member of the family wants to know "what's on the air?"

And what sort of people read the "Radio Times"? People who have money to

* 1936 estimate Bureau of the Census † Rate base

spend. The "Radio Times" reaches a larger number of well-to-do families with a high ratio of buying power than any other publication in England.

Although the "Radio Times" advertising income has increased enormously during the last five years, as a matter of policy, the total volume of advertising published has not been allowed to increase. This means that the "Radio Times" protects you, the advertiser, from crowded positions, from too much direct competition, and the evils of unethical advertising.

If you are selling in the British market, then you should be advertising in the "Radio Times." Write for full information to:

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But South Africa also offers a thrilling holiday adventure for the entire family. Here, in a most equable climate, are situated famous health and seaside resorts, with miles of splendid bathing beaches—modern cities teeming with activity—the thousand and one marvels of the interior: Kruger National Park, Victoria Falls, the diamond mines of Kimberley, and other wonderful sights. And you will find charming hospitality, excellent hotel accommodations,—and comfortable transportation by rail, airplane and bus.

Detailed information from all leading tourist and travel agencies



WHY ARGENTINA FACES A CEMENT SHORTAGE—One of the many new construction projects which are giving Buenos Aires its biggest building boom in years is the new Finance Ministry Building, shown above in a preliminary construction stage. The new building, to be thirteen stories high, will be of reinforced concrete—a type of construction being used on most of Argentina's new public buildings. With the construction of many new roads throughout the country causing an acute cement shortage, architects and contractors have petitioned the government to consider the duty-free importation of Portland cement. That move, however, is considered doubtful for Argentine manufacturers oppose it violently, say that the present cement shortage is not normal, but is caused by an exceptionally long construction season due to unusually good weather.

for the first eight months of the year has just been revealed and showed that the United States and Germany are making important gains as suppliers to Argentina, and that the United States and Italy have increased their purchases of Argentine products most extensively.

Imports from:	1937	1936	(Millions of pesos)	% of Total
				1937 1936
United Kingdom...	187	162	20.0	21.7
United States...	153	108	16.4	14.5
Germany...	99	72	10.6	9.7
Belgium...	62	46	6.6	6.1
Italy...	52	36	5.6	4.9
France...	39	36	4.1	4.8
Brazil...	36	33	3.9	4.5
Netherlands...	24	15	2.5	1.9
Canada...	11	10	1.2	1.3

Argentina's export markets are also shifting:

Exports to:	1937	1936	(Millions of pesos)	% of Total
				1937 1936
United Kingdom...	433	339	25.3	34.8
United States...	229	106	13.4	10.9
Belgium...	154	65	7.8	6.7
Netherlands...	133	74	7.8	7.6
Italy...	125	22	7.3	2.3
Brazil...	92	70	5.4	7.2
Germany...	85	80	5.0	8.3
France...	71	60	4.2	6.2
Canada...	50	12	2.9	1.3

In connection with these trade figures, Dr. Alejandro Bunge, Argentina's foremost economist, writing in the *Revista de Economia Argentina*, refuses to be very optimistic. He points out that these figures are far below the high totals of the 1920's. He estimates that in 1928 tonnage exported was 1,601 kilos per capita, but in 1937 it was only 1,337, and that the value per capita has dropped from 228 pesos to 187 pesos. He also points out that huge exports this year are due largely to crop failures in the northern hemisphere, not likely soon to be repeated.

Sanitary provisions in the United States which keep out Argentine meat

are now working in reverse in Brazil in the case of United States fruit imports. A cargo of plums sent to Rio de Janeiro by a New York exporter was recently held up by the Brazilian Sanitary Commission service on the ground that the fruit was damaged by a parasite unknown in Brazil and the introduction of which would naturally hurt Brazilian fruit growers. The New York exporters complained to the State Department at Washington and a new inspection was made which showed that the entire shipment was so badly affected that it could not be accepted.

Lawrence Becker, founder of the National Association of Dog Food Manufacturers in the United States, is now in Buenos Aires and declares that Argentina must help supply the meat products needed for the growing canned dog food industry. He reported that \$46,000,000 a year is being spent in the United States for dog food (B—Aug 15 '36, p34).

Dr. W. E. Dunn, new commercial attaché of the United States embassy in Buenos Aires, declared on his arrival that he expected the United States Senate would ratify at the next session the Argentine-United States Sanitary Convention which would allow imports of Argentine meat. Local exporters nevertheless, are less hopeful.

Latin America will be the feature of a vast radio educational program which begins Nov. 1 with the backing of the United States government. The programs will be carried over the Columbia Broadcasting System each Monday from 10:30 p.m. to 11 p.m.

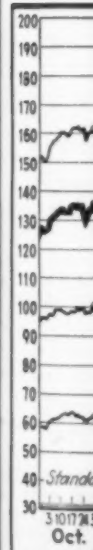
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Money and the Markets

There's a strong belief that stocks have sold down too sharply since the August break. Foreign markets buy our securities, but weakened margin accounts hinder an American rally.

SENTIMENT toward stocks would turn favorable on the slightest provocation. There was more talk this week about stocks having sold down too sharply than at any time in more than a month. London and Amsterdam were much more friendly toward American stocks. Weakened margin accounts and a sort of hangoverish feeling, induced by two months of precipitately falling prices, seemed to be the only things acting as a drag on an incipient rally.

Traders came back from their Columbus Day holiday to a much happier situation than that they faced after Labor Day. On the earlier occasion London had sold American stocks down 2 to 6 points while the United States observed the holiday. Over Columbus Day, London and Amsterdam bought stocks so that prices abroad on Wednesday morning were fractions to 4 points up from Monday's close in this country.

Many Margin Calls

Yet brokers here, after Monday's break, had sent out one of the largest batches of margin calls since this decline started two months ago. Just about half the margin accounts carried by leading brokers were frozen—lacked the full 55% margin on shares already held, which prevents the account from picking up bargain stock. Margin calls, along with the President's call for the special session of Congress, snagged a budding rally Wednesday morning and threatened for two hours to turn it into a rout.

But the bulls were a little more daring than on most recent slumps. The side-



Wide World

RAPS SOCIAL SECURITY—Fred I. Kent, Wall Streeter and sometimes advisor to President Roosevelt, tore Social Security apart before the American Bankers Association Convention this week. The old age fund, in times of emergency, would have to sell its bonds to the people in order to raise funds to pay benefits—after the people built the fund with their tax payments, he asserted.

lines were crowded with stock buyers who were awaiting the signal for at least

a technical recovery. They stepped in and took more than 2½ million shares on Wednesday, and prices were moving up briskly at the close under the leadership of the long-suffering steel shares.

A \$2-a-bale rise in cotton didn't hurt anything. Wheat sold down almost the full 5¢ limit for a day's trading, then rallied to close a little higher for the day. The French franc continued firm on results of the preliminary elections which showed that the republic is not going any further to the Left at this time.

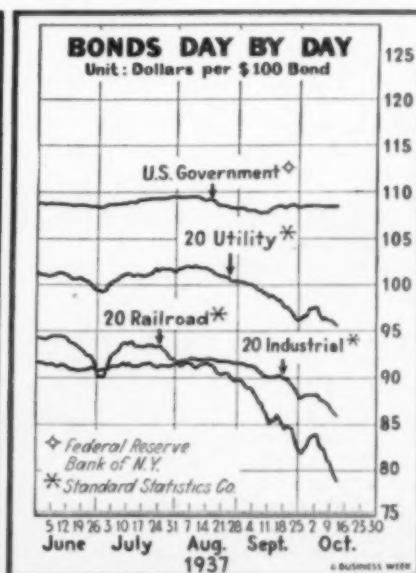
Under such circumstances, the decline in the week's steel operations to 63.6% of capacity and the further weakening in steel scrap to \$17-\$17.50 a ton (against nearly \$22 last March) didn't frighten traders too much. There was a prevailing opinion that at least this much recession in business has already been amply discounted by the 30% drop in stocks since mid-August.

Reserve Banks' Drive

Chicago institution hunts more members. Washington board is behind the move.

THE Federal Reserve Bank of Chicago is making a determined drive to bring state non-member banks into the Reserve System. The purpose is twofold: to widen the Federal Reserve's influence over the nation's banks, and to strengthen the Reserve's position if there is a showdown with the Federal Deposit Insurance Corp. and the comptroller of the currency.

In short, there are political as well as financial implications. The Federal Reserve Board, in Washington, is believed to be behind the move—which, under ordinary circumstances, might be regarded as just a normal desire to ex-



pand. In the present instance, the program takes on the aspects of a fence-building campaign to put the Reserve in the saddle, if and when Congress tries to unify the country's banking systems.

The Reserve has time working in its favor. First, the Federal Deposit Insurance Law requires that all state banks with deposits above \$1,000,000 must be members of the Federal Reserve System if they are to be insured after July 1, 1942. Second, the FDIC now has power to make examinations of non-member commercial banks, and these examiners are sometimes not well received by banks; sometimes they are over zealous—at least some bankers think they are.

There are four bank examining agencies in the country: the state superintendents of banks for state banks; the comptroller of the currency for national banks; the Federal Reserve System for state banks which are members of the Reserve; and the FDIC.

Examiners Cooperate

The Federal Reserve has generally cooperated with state banking departments on examinations of state member banks. A Reserve examiner usually accompanies the state officials at examination time. The FDIC examines state banks whose deposits it insures, but cannot examine national banks or Federal Reserve member banks (state) unless it obtains the permission of the federally empowered agency—either the comptroller, or the Federal Reserve. In the past, the FDIC has tended to accept either the comptroller's or the Reserve's reports. Hence, by being either a national bank or a Federal Reserve member bank, an institution can escape a visit from the FDIC.

In the event that the Federal Reserve membership increases substantially, and if then an out-and-out three-cornered fight for power develops between the Reserve, the FDIC, and the comptroller, the Reserve will be in a strong position. As the tally stands today, the FDIC has 13,885 members; the Reserve, 6,350 members, while 5,293 of the country's 15,500 commercial banks are national banks and hence though members of the Reserve, are beholden to the comptroller. Since the comptroller has charge of national banks, the big opportunity for the Reserve is the enlistment of state banks under its aegis.

In its numerical relation to the total banks of the country, the Federal Reserve is much stronger today than it was in 1929. Then, one out of every three banks in the country belonged to the Reserve; today it's one out of every 2½.

Indicative of the fence-building program of the Reserve is the stability within the system. Whereas, since 1935, the number of banks in the country declined 300, the Reserve lost only 30 members. In Chicago, new members have come in at the rate of 50 a year during the last three years; in 1937 to

date, new enlistments come to 30. Numerous applications are pending, and the Chicago Reserve Bank expects to equal, if not exceed, its recent record of expansion. For the system as a whole, growth is indicated by an increase in paid-in capital of more than \$2,000,000 since the end of 1935.

Banks which become members of the Reserve get the advantage of being able to rediscount at the going Federal Reserve rate, which generally is at least ½% to ¾% lower than the rate they would have to pay for loans at correspondent banks. On the other hand, they have to carry the regular reserves at the Reserve Banks, and such reserves usually are higher than those demanded by state laws. Thus they "lose" part of their earning assets.

From the standpoint of the big city banks, increasing membership of banks in rural areas has a double-edged effect: it may cut down their expenses inci-

dental to handling collections, etc., for correspondent banks, but at the same time it reduces their deposits from correspondent banks, because those banks, as members of the System, have to keep their reserves with their own Federal Reserve Bank.

Refunding Abandoned—Conditions in the financial markets have been changing. It isn't quite as profitable now to refund old bond issues into new ones bearing interest at lower rates. This, it appears, was the reasoning of Consolidated Edison Co. of New York this week when it rescinded its decision to pay off the \$60,000,000 of Consolidated Gas 4½s of 1951.

A short time ago, Consolidated Edison announced plans to raise \$60,000,000 for the refunding and \$20,000,000 to defray part of the cost of its \$50,000,000 expansion program. Now the refunding is either out entirely or de-

The Commodity Price Story

	This Week	Year Ago	1937 High	Average 1927-1929
Foods				
Wheat (bu).....	\$1.0275	\$1.2225	\$1.4825	\$1.292
Flour (196 lb).....	6.075	7.2250	8.20
Corn (bu).....	.59	1.1075	1.40	.90
Oats (bu).....	.305	.4513	.5925
Beef steers (lb).....	.205	.1375	.25	.2068
Lamb, fresh (lb).....	.19	.15	.23	.2619
Lard (lb).....	.106	.119	.1465	.124
Sugar, raw (lb).....	.0315	.0335	.0396	.042
Coffee (lb).....	.115	.0969	.1238	.213
Cocoa (lb).....	.0635	.0845	.1315	.13
Cottonseed oil (lb).....	.0569	.085	.1025
Tomatoes (doz cans).....	1.10	1.025	1.175
Peaches (doz cans).....	1.75*	1.525	1.65	1.83
Salmon (doz cans).....	2.50*	2.20	2.50	2.826
Textiles				
Cotton (lb).....	.0878	.1245	.1525	.1887
Print cloths (yd).....	.0488	.0675	.085	.076
Wool (lb).....	.96	.89	1.15	1.08
Silk (lb).....	1.735	1.755	2.13	5.18
Burlap (yd).....	.051	.0510	.0615	.095
Metals				
Pig iron (ton).....	24.00	19.50	24.00	17.75
Steel bars (100-lb box).....	2.45	1.85	2.45	1.88
Copper (lb).....	.12	.0975	.17	.155
Zinc (lb).....	.0625	.0485	.075	.062
Lead (lb).....	.06	.0465	.0775	.066
Tin (lb).....	.5163	.445	.67	.533
Coal and Oil				
Coal, bituminous (ton).....	2.525	2.25	2.60
Petroleum (bbl).....	1.18	1.06	1.30	1.24
Gasoline (gal).....	.0763	.0638	.0775
Bunker oil (bbl).....	1.35	1.15	1.50	1.30
Chemicals, Paint Materials				
Nitrate of soda (ton).....	27.00	24.50	27.00	46.00
Glycerine, car lots (lb).....	.2175	.1775	.295	.183
Shellac, T N (lb).....	.1238	.1375	.145	.45
Turpentine, car lots (gal).....	.3225	.415	.505	.579
Linseed oil, car lots (lb).....	.11	.096	.115	.109
Miscellaneous				
Hides (lb).....	.18*	.150	.175	.190
Rubber (lb).....	.1669	.1656	.2713	.271
Lumber, 80 Pine (1000 ft).....	22.92	23.00	29.51	18.30
Brick (1000).....	11.50	11.00	12.00	12.54

* Asked price.

DOWN FROM THEIR HIGHS IN THE SPRING—Spot commodity prices, which rose swiftly on forward buying early this year, suffered a jolt on Apr. 2, when President Roosevelt attacked price-raising. Most basic materials now are near their year's lows, and purchasing agents, fearing further drops (page 14), are cautious.

laved indefinitely, but the company will sell \$30,000,000 of new capital on 20-year debentures.

One of the immediate results was a 2-point spurt in the price of the Con. Gas 4½s which were to have been paid off Dec. 1. They had been selling at 105½ at the start of this week, reflecting the call price of 105. On the announcement they spurted to above 107.

If this refunding had been carried out, it would have brought to more than \$280,000,000 the amount of old bonds replaced by Edison with lower coupon issues in a little over a year.

Dammed Up—Full of seductive plausibility was the report that the government would embark on a one to five billion dollar rearmament program. Here was the sequence of thought:

1. President Roosevelt had made his speech demanding peace and condemning Japan, by clear implication, as the aggressor in the Far East.

2. The stock market was breaking to smithereens all over the place, implying that business was going to the devil fast.

3. The Administration could not bear a business bust, yet was committed to a reduction in relief expenditures and a balanced budget.

4. Therefore some excuse—some gigantic boondoggle, which would win general approval of the nation—was needed for the occasion.

5. What better, then, than a rearmament program? It would spur heavy industries, it would provide jobs, it would eliminate relief requirements, and if desired, it could be shunted out of the regular budget, into a capital budget, as the British did.

The report originated on the floor of the Stock Exchange. It started a wave of buying. And the reason rearmament was hit upon rather than public works, say, was because, as one wag put it, "the country's all dammed up."

Sinking Funds—The Interstate Commerce Commission has reopened a hoary argument. Commissioner Charles D. Mahaffie indicated in hearings on the New York, New Haven & Hartford reorganization that the ICC is as anxious as ever to see sinking funds set up to retire railroad bond issues.

The thought is that railroads should pay off as large a part of their bonds as possible in good years so that they will be in better shape to weather bad years. The ICC also feels that if a bond issue is due, say, in 1960, the management should try to reduce the amount of the debt before that time because 1960 might be a depression year. If a big maturity falls in a depression year, it's a tough job to meet it.

Underlying this philosophy is the thought that the railroads have passed the period of their major growth. While they were growing, it didn't make

sense to be paying off one bond issue in annual instalments while, at the same time, borrowing on other bonds to extend lines and improve rolling stock.

This same growth idea has played a prominent part in governing public utilities, borrowing policies. They heard the sinking fund argument a decade ago, but they were (and still are) growing. Moreover, they aren't subject to quite such violent fluctuations in earnings as some industries. Therefore the sinking fund idea has been adopted only for junior liens.

Common stockholders don't, as a rule, like to see their companies maintain sinking funds by diverting earnings which might otherwise come down as dividends. Yet, in the cases of several railroads going through the wringer at the present time, the common stock probably wouldn't have to be squeezed completely out of the picture if earnings during the 1920's had been applied to reducing funded debt.

One of the most striking examples of maintaining corporate financial health by redeeming bonds in boom times has been turned in by the United States Steel Corp. Chairman Myron C. Taylor is generally credited with convincing directors in 1929 that the debt should be cut. Largely through sale of common stock, the corporation reduced outstanding bonds to \$112,000,000 from \$456,000,000 just before the crash. In later years, when directors finally found it advisable to reduce the preferred dividends, they didn't have to worry about the interest on that \$350,000,000 of debt.

The Tax Problem—When corporations approach the subject of reducing floating or funded debt, they face complications that have never before been encountered. Most vexing is the surtax on undistributed profits.

Railroads, utilities, and industrials alike have to account to Internal Revenue for earnings which are not paid out as dividends. If they sell bonds with the stipulation that the issues will be retired in regular annual instalments, they have each year to set aside for re-

tirements a certain amount of money which cannot be deducted when computing taxes owed Uncle Sam.

That's the thing behind one of the loudest wails of corporations which face heavy debt repayments. They don't want to go on refunding forever; prior to last year they had in mind a definite schedule of retaining earnings—to retire debt or to use in case of some sort of emergency. But now it costs money in taxes either to put away a nest egg or pay money for bond redemption.

There seems some hope that the undistributed earnings tax may ultimately be modified to help debtors. Meantime the ICC may find it hard to compel orderly debt retirement by carriers.

Jones' Job Is Done—It must have been apparent some time ago, even to the casual observer, that the Reconstruction Finance Corp. had little more to do but liquidate (BW—Aug 22 '36, p 24).

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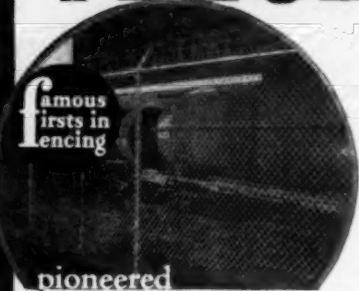
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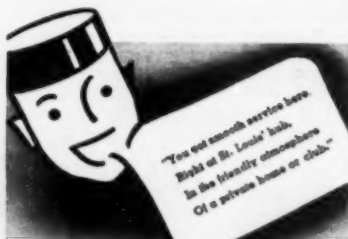


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In case there was any doubt, however, Jesse Jones dispelled it when he spoke before the National Association of State Bank Commissioners last week.

He said that the RFC had, some time ago, just about closed out so far as new loans are concerned. It was conceived during the Hoover administration to make emergency loans, and now it will listen only to requests for emergency assistance. With business back on an even keel, he expects the banks to supply business needs.

Incidentally, one of the RFC's earliest and biggest jobs was a financial rescue party for the railroads. Carriers which found that they had, quite awkwardly, arranged to have bonds, notes, and such fall due in 1931, 1932, and 1933 were eager borrowers. Some have repaid the RFC, others have refunded these and other floating obligations.

But Mr. Jones remains one of the creditors of a lot of the railroads going through reorganization. He, along with the ICC, probably has a few ideas on how the railroads of the country could avoid quite such serious difficulties in future depressions.

Scarcity Bugaboo—There never has been a time since the war when fear of scarcity was so manifest as in commodity markets last spring, and there probably never in this country's history has been a year in which prospects

have changed so rapidly. The latest government crop reports—although they cover only a few of the commodities in which scarcity was feared last spring—show how drastically the supply situation has changed within a year.

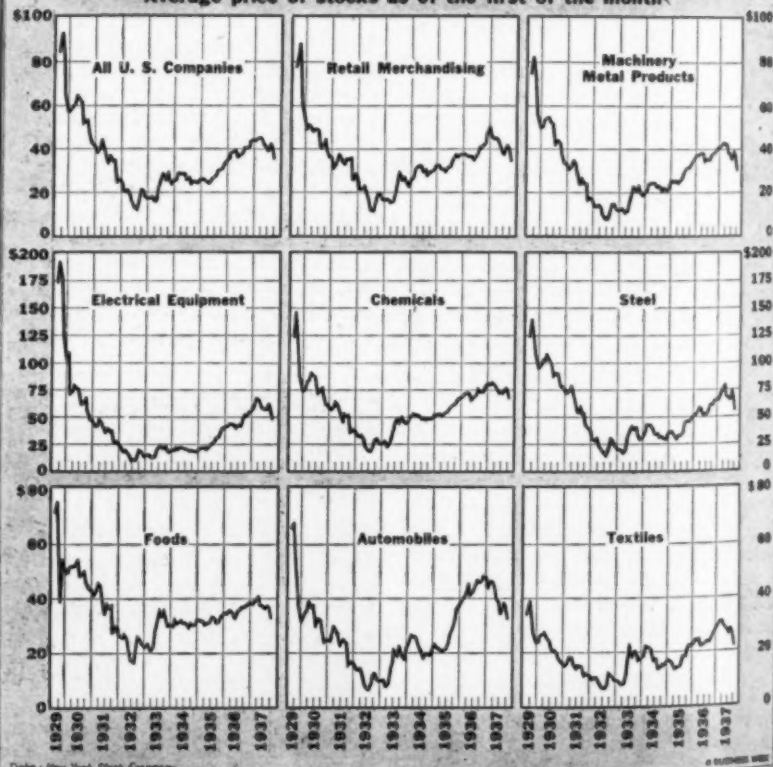
The domestic wheat supply a year ago, including a fairly sizable carryover, was hardly adequate for domestic needs. Corn (which is a livestock feed rather than a cash crop) was far below normal requirements. Cotton production of 12,399,000 bales fell about 600,000 bales short of domestic and foreign consumption of American cotton. The potato crop was one of the shortest on record and several canning fruit crops were slashed by frost and drought.

This year the American cotton crop is estimated at 17,573,000 bales against probable consumption of less than 15,000,000. Durum wheat—the white wheat which provides the flour for spaghetti, macaroni, etc.—is available in 3½ times the volume of a year ago. Leading crops (in millions of bu.—000,000 omitted) compare as follows:

Crop	U.S. Production	
	1937 Estimate	1936 Actual
Durum Wheat	28	8
Other Spring	170	99
All Wheat	887	626
Corn	2,562	1,517
Oats	1,152	789
Barley	233	147
Apples	207	118
Potatoes	399	359

STOCK TRENDS BY MAJOR GROUPS

Average price of stocks as of the first of the month.



Charts: New York Stock Exchange

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Editorially Speaking—

THE radio chains say Hollywood is originating 90% of their star programs. So that's whom we've got to blame!

SEX appeal is going places in cigar advertising. White Owl pioneered this theme with its kissable breath campaign, and now Webster runs a picture of one of these modern, slatty girls holding a cigar of the same sort, designed to please "gentlemen who prefer 'SLIMNESS'—in cigars as well as in feminine form." Some of us are old-fashioned enough to prefer plenty of bulges and cornucopias in the feminine form. What sort of cigar can any manufacturer offer us?

In Absecon, N. J., the fire chief, his assistant, three firemen, and the garbage collector have been accused of starting five fires in empty buildings, in order to get a chance to use the department's fire apparatus, and they've all pleaded *non vult contendere*, which means, in effect, that they don't want to say yes or no but they hope the court won't be too hard on them. If they're guilty they ought to plead *non compos mentis*.

WHEN we recently asked why San Franciscans object to "Frisco," we expected to be told; and we have been. The answer is, in the main, that "San Francisco" has historical traditions, which "Frisco" lacks, and that the short name is undignified. There are also some auxiliary answers, such as the fact that several small towns in the United States are named "Frisco." But such objections don't count for much; the alleged lack of dignity is all that really matters.

"Frisco" was used far more often a generation ago than it is now; and not by strangers only, but by San Franciscans themselves. The use has diminished because of a fierce civic campaign to suppress the short name. For our part, we don't find "Frisco" lacking in dignity; and we can't see why a city, like a person, can't be known both by a complete name and a diminutive. Indeed, those who use the diminutive are apt to do so with great affection.

Who loves San Francisco more, the local bookish antiquarian or the boy who practically grows up on the Embarcadero, who swims and fishes in the bay, prowls Market Street from one end to the other, knows every acre of the Presidio and old Fort Winfield Scott, and has explored all parts of the city and its environs except the one little rocky island called Alcatraz? That boy, if you let him alone, will often call the city Frisco, and will continue to call it so when he grows up, and will love San Francisco no less. He will love it for its color and its freshness, its sights and sounds and smells, its hills

and waters and sunsets and fogs, and for that exhilarating air of freedom which has endeared the city to so many people—including some unregenerates who still call it Frisco.

Two barkless dogs, members of a breed called the Barkless Besenji, have arrived in the United States from the Congo. They're said to be the first barkless dogs ever brought here. It seemed to us we had read that the dingo, an Australian dog, doesn't bark; but on looking into the matter, we find that the only thing the dingo appears to be notable for is his killing of sheep.

Some apartment houses, becoming bolder, are now refusing to admit dogs. Maybe others will eventually make an exception of the Barkless Besenji and will call themselves Quiet Kennels.

A YOUNG fellow who kept going to wrestling matches for a couple of years and, from his balcony seat, used a rubber band to fire tacks into the wrestlers' hides, has been juggled for six months by a narrow-minded judge, who doesn't seem to understand that young fellows must be allowed some innocent outlet for their energies or they'll get into mischief.

NEVILLE CHAMBERLAIN has always had the habit of writing to the papers to describe interesting things he sees in gardens or parks, and his heavy job as prime minister hasn't broken this habit. Recently he wrote to the *Countryman* a report of an incident in his garden at 10 Downing Street:

"Last March a pair of blue, or perhaps I should say, black, tits (for they were a grimy couple), were flitting about the branches of a lime tree." He watched the flitting tits during the next few weeks. Presently he found a completed nest, with three eggs in it. And after a time, looking again, he learned that the tits were gone and there were only two eggs in the nest. "Now what is the solution to the mystery of the vanished egg? Did the tits themselves carry it away or did some marauder make off with it?" asks the Prime Minister—as if the readers of the *Countryman* could tell him what happened in his own garden. Why doesn't he put Scotland Yard on the job?

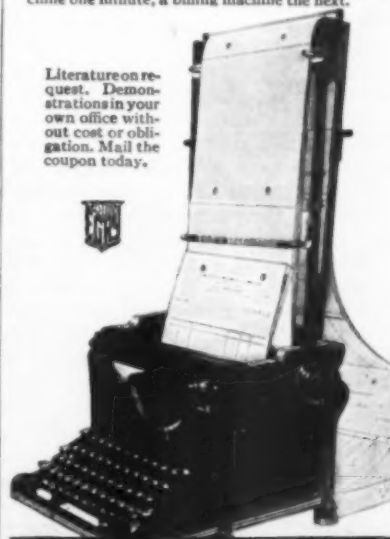
THE English are great hands for detective stories, both as readers and as writers. Mr. Chamberlain might use his garden mystery as the basis of a detective novel, which would sell widely. Many a man who has never looked into Hardy's masterpiece of tragedy and irony, "A Pair of Blue Eyes," would plunk down his money for Chamberlain's "A Pair of Blue Tits."



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Keep Us Out of War!

For nations as for individuals, there comes a time when they must put up or shut up. That time is at hand for the American people. They are confronted with a question which they must answer decisively, one way or the other: are they prepared to intervene in defense of the victims of wholesale butchery overseas, even to the extent of American participation in the Second World War?

If not—if the people of this country are not willing to send their battle-ships and perhaps their land forces across the Pacific or the Atlantic or both, and to risk the lives of vast numbers of their young men, as well as billions of wealth—then they must immediately and soberly consider the Administration's foreign policy, lest it sweep them into war before they know it.

The President's war speech at Chicago expressed a moral judgment, condemning the international gangsterism of the governments of Japan, Germany, and Italy. With that moral judgment the great majority of the American people agree. But the President went farther: he made a threat against the offending governments. He called their conduct dangerous to this country and he threatened them with a "quarantine." He did not say what he meant by a quarantine, but the next day the State Department publicly denounced Japan as a war-maker and a treaty-breaker; and on the same day Chairman Pittman of the Senate Foreign Relations Committee, who has a peculiar facility for silly statements, hit a new high by asserting that "the quarantine would be successful in itself in stopping the Japanese invasion of China in 30 days."

These are big words and the United States must decide whether to try to make them come true or to avoid taking those first steps that may lead to enormous dangers. There is no possible quarantine that could stop the Japanese invasion of China in 30 days, and if Sen. Pittman doesn't know it he should ask Gen. Craig, the chief of staff, and Admiral Leahy, the chief of naval operations. On the contrary, any economic sanctions by the American, British, and other governments would further inflame the Japanese people. They would fight harder and longer. The sanctions, in all probability, either would prove ineffective,

like those against Italy during Mussolini's raid on Ethiopia, or would drive the Japanese people to military retaliation.

In that case the United States would bear the brunt of the fighting. The United States navy, now mostly in the Pacific, would be expected to fight Japan. The United States, not for the first time, would painfully pull other countries' chestnuts out of the fire.

We are risking war if the President carries to its logical conclusion his announced policy of punishing aggressors. That is far from the policy of Congress, as embodied in the Neutrality Law. Whatever the defects of that law, it does have the supreme merit of putting American neutrality above every other consideration. It seeks to keep us out of war. Both in its mandatory and its discretionary provisions, it provides that the President shall not discriminate between belligerent countries. That is the law today. The President should abide by it, keeping his country neutral and preserving it from war.

Why Farmers Won't Join With Labor

Anybody who surmises that there can ever be an effective Farmer-Labor Party in this country should ask a few farmers how they would feel if confronted with a union demand for higher wages in harvest time, on penalty of letting their crops rot. The American Federation of Labor, imitating the Committee for Industrial Organization, says it is going to organize farm workers on an industrial basis. The farmer may sometimes sympathize with labor, but not at the expense of his own pocketbook. Nobody in the world is quite so pocketbook-conscious in his civic reactions as the farmer.

There are some communities where

farm labor conditions are oppressive, but this is hardly ever true except in certain sharecropping areas and in those places that have brief seasonal employment, largely in the picking of fruit and vegetables. By and large, farm labor is well treated, in comparison with the standard of living of the farmer himself. The hired man dresses as well as the farmer, maybe better, and eats as well. The farmer will bitterly resent any effort to make him pay more wages. If Messrs. Lewis and Green want the continued subservience of Congress and of politicians generally, they had better avoid provoking the farmer by trying to unionize his labor.

Special Session—And a Smoke-Screen

Now we are to have Congress in special session, which only means that it will get going six weeks ahead of the regular time. Mr. Roosevelt in his fireside chat vigorously disagreed with those who say "it is bad for business, bad for the tranquillity of the country, to have a special session" of Congress. But there are a far larger number of people who think it is bad for business bad for the tranquillity of the country, to have Franklin D. Roosevelt in constant regular session.

There is only one real surprise in his outline of an immediate program for Congress. Crop-surplus control and wage-and-hour legislation are holdovers from the regular session; so are the proposals for government reorganization and for seven TVA's. The only new thing is his anti-trust plan—if it is a plan. He says, "We are already studying how to strengthen our anti-trust laws." Even if he proposes definite legislation, it cannot be passed in the six weeks of the special session. Why then does he mention it? Because it is a smoke-screen.

He knows that people are complaining against high prices. So he blames business for holding prices up. But until the past few months he insisted on a high-price policy. And through NRA, AAA, and other means he limited competition. But now that people are angry at high prices, he switches sides and blames private monopolies for higher prices that he himself has stimulated.

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York. Tel. ME4dillion 3-0700. Price 20¢. Subscription: \$5.00 a year, \$10 for three years. U. S. A., possessions, and Canada. Other foreign, \$7.50. Cable Code, McGrawhill

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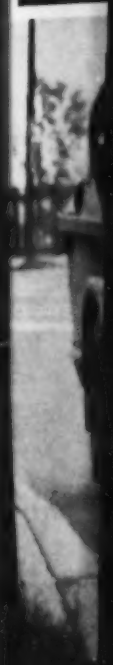
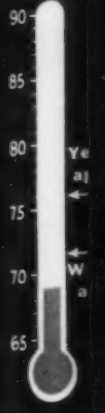
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